JPL/JRS:JBD/KRA
F. #2024R00799

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
- X

UNITED STATES OF AMERICA

- against -

PUTHUGRAMAM CHIDAMBARAN,
also known as "Harish Chidambaran," and
SAYYED FARHAN ALI NAQVI,
also known as "Farhan Naqvi,"

Defendants.

- X

FILED
IN CLERK'S OFFICE
US DISTRICT COURT
E.D.N.Y.
* APRIL 15, 2026 *
BROOKLYN OFFICE

INDICTMENT

Cr. No. 26-CR-97
(T. 15, U.S.C., §§ 78j(b) and 78ff; T. 18, U.S.C., §§ 225, 371, 981(a)(1)(C), 982(a)(2)(A), 982(b)(1), 1343, 1349, 2 and 3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

Judge LaShann DeArcy Hall
Magistrate Judge Joseph A. Marutollo

THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. Introduction and Background

1. Between approximately January 2019 and April 2025, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, defrauded investors and prospective investors in, as well as lenders and prospective lenders to, iLearningEngines, Inc. ("iLearning"), a technology company that claimed to provide cloud-based computing and artificial intelligence ("AI")-driven business automation solutions. CHIDAMBARAN, iLearning's Chief Executive Officer ("CEO"), and NAQVI, iLearning's Chief Financial Officer ("CFO"), together with others, operated iLearning through systemic fraud. Under their control, iLearning repeatedly defrauded investors and lenders using various

fraudulent schemes, including by dramatically inflating its revenues—at times by hundreds of millions of dollars a year—representing more than 90% of its annual revenues. To justify these non-existent revenues to investors and lenders, CHIDAMBARAN, NAQVI and others caused iLearning to enter a series of supposedly lucrative contractual arrangements with large customers. In reality, the vast majority of the contracts were fake. The purported customers were shell entities owned or controlled by other iLearning employees and associates, subject to CHIDAMBARAN's and NAQVI's control and direction, or other entities controlled by friends and associates of CHIDAMBARAN and NAQVI who agreed to enter fake contracts in exchange for money and/or potential future business opportunities. To make it appear as though their supposedly lucrative contracts had real economic substance and to conceal the falsity of the revenue streams into iLearning, CHIDAMBARAN, NAQVI and others repeatedly conducted "round-trip" transfers of significant amounts of investor and lender funds from iLearning, to and through the web of fake customers, and then back to iLearning.

2. In April 2024, iLearning went public and its common stock began trading on the NASDAQ exchange under the ticker symbol "AILE." In connection with this transaction, which raised and sought to raise capital from both institutional and retail investors, and in subsequent public filings made by iLearning, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, made fraudulent representations about iLearning's financial condition.

3. After the false revenues scheme was exposed in August 2024, iLearning's stock price fell by more than 50% in one day. In response, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, continued to conduct round-trip transactions between iLearning and its purported customers, and to provide

false and misleading information about iLearning's revenues and customer relationships to investors and lenders.

4. On or about December 23, 2024, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI resigned from iLearning, and iLearning filed for Chapter 11 bankruptcy protection. iLearning converted its Chapter 11 petition to a Chapter 7 liquidation petition on or about March 6, 2025, resulting in hundreds of reported unpaid creditors and over $50 million in unpaid liabilities.

II. iLearning, the Defendants, and Other Relevant Entities and Individuals

A. iLearningEngines, Inc.

5. iLearning was a Delaware corporation formed in or about 2010 with its principal place of business in Bethesda, Maryland. On or about and between April 17, 2024 and January 2, 2025, iLearning's common stock traded on the NASDAQ stock exchange under the ticker symbol "AILE." At its peak, on or about June 30, 2024, iLearning's common stock had a market capitalization of approximately $1.5 billion.

6. iLearning marketed itself as an AI-driven digital education company that used "an out-of-the-box AI platform that empowers customers to 'productize' their institutional knowledge and generate and infuse insights in the flow-of-work to drive mission critical business outcomes."

7. iLearning claimed to earn revenue principally by selling licenses for its educational and training platforms to customers, including health care companies and schools, either directly or through purported channel partners and/or resellers.

B. The Defendants and Other Relevant iLearning Employees & Associates

8. The defendant PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," was a resident of Potomac, Maryland. CHIDAMBARAN founded iLearning in or about 2010 and served as iLearning's CEO until he resigned on or about December 23, 2024.

9. The defendant SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," was a resident of Fulshear and College Station, Texas. NAQVI became CFO and Head of Corporate Development at iLearning in or about 2019 and continued in that role until he resigned on or about December 23, 2024.

10. Co-Conspirator 1, an individual whose identity is known to the Grand Jury, was an assistant vice president of iLearning. Co-Conspirator 1 also held himself out as the CEO of Entity 1, a purported iLearning customer the identity of which is known to the Grand Jury.

11. Co-Conspirator 2, an individual whose identity is known to the Grand Jury, was a vice president of iLearning. Co-Conspirator 2 also held himself out as the CEO of multiple purported iLearning customers, including purported U.S. affiliates of Entity 1 and Entity 2, a purported iLearning customer the identity of which is known to the Grand Jury.

12. Co-Conspirator 3, an individual whose identity is known to the Grand Jury, was the CEO of Entity 4, a purported iLearning customer the identity of which is known to the Grand Jury.

13. Co-Conspirator 4, an individual whose identity is known to the Grand Jury, was an iLearning employee and relative of another senior iLearning employee. Co-Conspirator 4 also held himself out as an executive of and/or stakeholder in several purported

iLearning customers, including Entity 1 and Entity 3, a purported iLearning customer the identity of which is known to the Grand Jury.

14. Co-Conspirator 5, an individual whose identity is known to the Grand Jury, was a senior iLearning executive.

C. Relevant Purported iLearning Customers

15. Entity 1was a group of purported affiliates incorporated in India, the United Arab Emirates, and the United States. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, represented that Entity 1 was iLearning's largest channel partner and a third-party customer, vendor, and reseller that engaged in arm's-length transactions with iLearning pursuant to one or more contracts. In reality, the defendants, together with others, controlled Entity 1 and iLearning's contracts with Entity 1 were sham contracts.

16. Entity 2 was a group of purported affiliates incorporated in India and the United States. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, represented that Entity 2 was one of iLearning's largest customers that generated up to approximately $50 million per year in revenue for iLearning pursuant to one or more contracts. In reality, iLearning's contracts with Entity 2 were sham contracts.

17. Entity 3 was a group of purported affiliates incorporated in the United Arab Emirates. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, represented that Entity 3 was a large customer of iLearning that generated up to approximately $40 million per year in revenue for iLearning

pursuant to one or more contracts. In reality, iLearning's contracts with Entity 3 were sham contracts.

18. Entity 4 was a California-based software and technology company. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, represented that Entity 4 was an iLearning customer that would generate over $20 million in revenue per year in 2023 and 2024 for iLearning licenses pursuant to one or more contracts. In reality, iLearning's contracts with Entity 4 were sham contracts.

D. Relevant Lenders and Investors

19. Lender A, an entity the identity of which is known to the Grand Jury, was a venture capital firm based in Portola Valley, California, that lent approximately $40 million to iLearning on or about and between December 30, 2020 and April 17, 2024.

20. Lender B, a financial institution the identity of which is known to the Grand Jury, was a Federal Deposit Insurance Corporation ("FDIC")-insured bank headquartered in Pasadena, California, and with an office in New York, New York, that lent approximately $40 million to iLearning in or about April 2024.

21. Lender C, a financial institution the identity of which is known to the Grand Jury, was an FDIC-insured bank headquartered in Morriston, New Jersey, and with an office in New York, New York, that lent approximately $20 million to iLearning in or about June 2024.

22. Investor A, an entity the identity of which is known to the Grand Jury, was a Special Purpose Acquisition Company ("SPAC"). On or about April 16, 2024, Investor A completed a merger with iLearning (the "SPAC Transaction") that resulted in iLearning becoming a publicly traded company on the NASDAQ.

23. Investment Bank A, an entity the identity of which is known to the Grand Jury, was an investment bank headquartered in New York, New York, that provided underwriting and marketing services in connection with the SPAC Transaction. Investment Bank A was a wholly-owned subsidiary of Bank Holding Company A, a financial institution the identity of which is known to the Grand Jury.

II. The Fraudulent Scheme

24. In or about and between January 2019 and April 2025, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, engaged in a scheme to defraud investors and prospective investors in securities offered by iLearning, as well as lenders and prospective lenders to iLearning, through material misrepresentations and omissions relating to, among other things, the revenues earned by iLearning and the number of customers using iLearning's products. In furtherance of the scheme, CHIDAMBARAN and NAQVI, together with others, took steps that included the following: (a) they created and caused the creation of sham contracts and related false documents, including with counterparties who were friends or relatives of iLearning executives, or who themselves were iLearning employees; (b) they transferred and caused the transfer of funds borrowed from lenders or raised from investors back and forth between related entities to make it appear as though iLearning was generating real revenues, when in reality it was not; and (c) they made and caused others to make false and materially misleading statements to auditors, investors, potential investors, lenders, and potential lenders about iLearning's contracts and revenues.

A. iLearning's Sham Contracts and Falsely Inflated Revenues

25. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, caused iLearning to enter into numerous sham contracts that they used to falsely inflate iLearning's revenues by hundreds of millions of dollars. Examples of those sham contracts are described below.

26. On or about July 1, 2019, iLearning entered into a purported "Master Services Agreement" with Entity 1. The Master Services Agreement was signed by the defendant PUTHUGRAMAM CHIDAMBARAN, on behalf of iLearning, and by Co-Conspirator 1, on behalf of Entity 1. Under the Master Services Agreement, Entity 1 would purportedly collect revenues from end customers of iLearning and transmit those revenues to iLearning after deducting the costs of certain services Entity 1 would provide to iLearning. However, Entity 1 did not meaningfully collect revenues on iLearning's behalf or provide services to iLearning.

27. Instead, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, transferred and caused the transfer of funds from iLearning to Entity 1 and back to iLearning, including funds that iLearning had obtained from investors (including Investor A) and lenders (including Lenders A, B, and C). More specifically, in or about and between January 2021 and December 2024, CHIDAMBARAN and NAQVI, together with others, transferred, or caused the transfer of, approximately $145 million of predominantly investor and lender-provided funds from iLearning to bank accounts in Entity 1's name that were controlled by Co-Conspirator 2. During the same time period, Co-Conspirator 2, together with others, transferred approximately $145 million back to iLearning from bank accounts in Entity 1's name, either directly or through bank accounts in

the names of other purported iLearning customers that Co-Conspirator 2, or other co-conspirators, also controlled.

28. In or about August 2020, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, agreed to create a sham contract between iLearning and Entity 2. Under this purported agreement, Entity 2 would pay iLearning approximately $50 million per year in exchange for licenses to use iLearning's products, among other things. CHIDAMBARAN later received a message from a friend who, after corresponding with a prospective institutional investor in iLearning, relayed the investor's comments that, upon conducting initial due diligence on iLearning, Entity 2 appeared to be a "red flag" because "there is no trace of [Entity 2]" and it therefore appeared that Entity 2 was incapable of conducting business worth tens of millions of dollars. CHIDAMBARAN relayed the investor's comments to NAQVI. CHIDAMBARAN and NAQVI, together with others at iLearning, nonetheless worked to create information about the entity, which was purportedly located in India, to share with potential investors along with the contract. NAQVI subsequently described Entity 2 to a potential investor that was conducting due diligence on iLearning as one of "our three biggest customers," and, together with others, caused iLearning to provide information to Investor A, Lender B, and others indicating that Entity 2 was its largest direct customer.

29. In or about April 2023, iLearning purported to enter into a contract with Entity 3 worth approximately $18 million even though Entity 3 did not exist at that time. To make it appear as though Entity 3 was a legitimate business capable of entering into a significant contract with iLearning, at the direction of defendant PUTHUGRAMAM CHIDAMBARAN and others, iLearning employees created a sham website for Entity 3. CHIDAMBARAN then signed

the sham contract with Entity 3 on behalf of iLearning, and Co-Conspirator 4 signed the sham contract on behalf of Entity 3. The contract terms were not negotiated at arms-length with Entity 3, but were instead decided upon by iLearning employees working under the direction of CHIDAMBARAN and others.

30. In or about October 2023, iLearning purported to enter into an agreement with Entity 4 worth more than $20 million per year to iLearning. That agreement, which was signed by the defendant PUTHUGRAMAM CHIDAMBARAN on behalf of iLearning and by Co-Conspirator 3 on behalf of Entity 4, was backdated to August 2023. Prior to entering into the sham contract with Entity 4, Co-Conspirator 3 asked CHIDAMBARAN about the amounts that Entity 4 would need to pay to iLearning under the agreement. In response, CHIDAMBARAN told Co-Conspirator 3 that "there will be no liabilities," or in other words, that Entity 4 would not need to pay iLearning, notwithstanding that the contract said otherwise.

31. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, prepared, or caused to be prepared, iLearning financial statements that incorporated falsely inflated revenues from sham contracts, including the sham contracts with Entities 1 through 4, and therefore contained false and materially misleading statements concerning iLearning's true financial condition. In turn, CHIDAMBARAN and NAQVI, together with others, provided, or caused to be provided, false and materially misleading financial statements to iLearning's investors, potential investors, lenders, and potential lenders.

32. For example, in connection with iLearning's loan agreements with Lender A, iLearning was required to submit annual financial statements to Lender A. Between approximately December 2020 and April 2024, to induce Lender A to provide approximately

$40 million to iLearning, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, submitted or caused to be submitted to Lender A numerous materially false financial statements that contained purported revenue from sham contracts.

B. <u>iLearning's Initial Public Offering</u>

33. During the relevant period, iLearning was also actively seeking to go public through an initial public offering ("IPO") of its stock. Throughout that period, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, submitted or caused to be submitted numerous materially false and misleading financial statements and other documents to financial institutions and other potential investors in an effort to induce those potential investors to purchase iLearning stock.

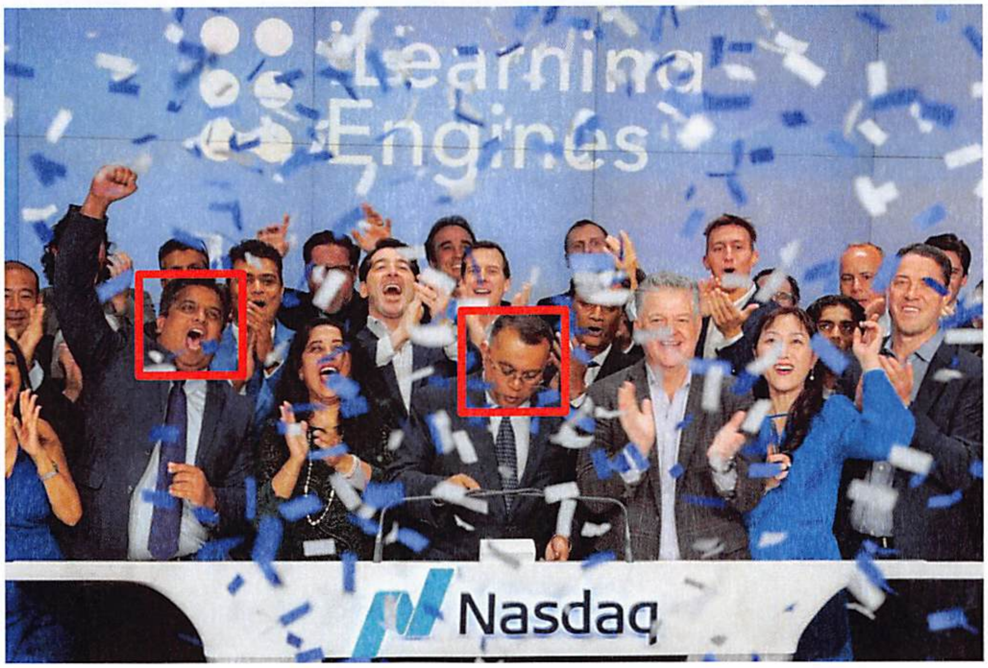
34. On or about April 27, 2023, iLearning announced that it intended to enter into the SPAC Transaction with Investor A. To induce Investor A to enter into the SPAC Transaction, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, submitted or caused to be submitted numerous materially false financial statements and other documents to Investor A and other investors and prospective investors. For example, on or about December 17, 2023, an iLearning employee working at the direction of CHIDAMBARAN, NAQVI and others sent an e-mail to representatives of Investor A conducting due diligence on iLearning. That e-mail broke down iLearning's revenues as of September 30, 2023 by customer, and included over $96 million in fake revenue from Entity 1 and its affiliates; over $50 million in fake revenue from Entity 2; over $29 million in fake revenue from Entity 3; and over $5 million in fake revenue from Entity 4.

35. In connection with the SPAC Transaction, iLearning also entered into agreements with Lender B (the "Loan and Security Agreement") and Lender C (the "First Amendment to Loan and Security Agreement") on or about April 16, 2024, and June 28, 2024, respectively, pursuant to which Lender B agreed to lend iLearning approximately $40 million, and Lender C agreed to lend iLearning approximately $20 million. On or about those dates, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, caused executed copies of the Loan and Security Agreement and the First Amendment to the Loan Security Agreement, respectively, to be emailed through the Eastern District of New York from counsel to Lender B. To induce Lender B and Lender C to enter into the Loan and Security Agreement and the First Amendment to Loan and Security Agreement, respectively, CHIDAMBARAN and NAQVI, together with others, submitted or caused to be submitted to the lenders numerous materially false and misleading financial statements and other documents that significantly overstated iLearning's revenues and the number of iLearning's customers, and misrepresented the nature of iLearning's relationship with purported customers.

36. iLearning also entered into negotiations with Investment Bank A regarding fees owed by iLearning and Investor A for services rendered by Investment Bank A in connection with the SPAC Transaction. Based in part on misrepresentations made by the defendants PUTHUGRAMAM CHIDAMBARAN, SAYYED FARHAN ALI NAQVI, and others that drastically overstated iLearning's revenues and the number of iLearning's customers, and misrepresented the nature of iLearning's relationship with purported customers, Investment Bank A, among other things, agreed to waive most of the cash payments due to it from iLearning and Investor A. Instead, on or about March 27, 2024, Investment Bank A entered into an agreement with iLearning ("Confidential Agreement No. 1"), pursuant to which Investment

Bank A agreed to accept iLearning stock in lieu of the vast majority of the cash fees owed to it by iLearning. On or about that date, CHIDAMBARAN and NAQVI, together with others, caused an executed copy of Confidential Agreement No. 1 to be emailed through the Eastern District of New York to iLearning's auditor and others.

37. The SPAC Transaction was completed on or about April 16, 2024. On April 17, 2024, iLearning's common stock began trading on the NASDAQ exchange under the ticker symbol "AILE." The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, traveled to the headquarters of the NASDAQ exchange in New York City to attend a bell-ringing ceremony:



38. To induce investors to purchase or hold iLearning publicly traded common stock following the SPAC Transaction, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, filed or caused iLearning to publicly file false and materially misleading financial statements on or about April 22, 2024 as part of a United States Securities and Exchange Commission Form 8-K. Among other things,

those financial statements falsely represented that in 2023, iLearning had earned revenue of approximately $421 million, had more than 1,000 enterprise end customers, and had approximately 4.4 million licensed users. In reality, the information iLearning filed regarding its revenues, customers, and licensed users were each materially inflated by sham contracts and fake customers. For example, at least 90% of iLearning's reported revenue was fabricated through sham customers and contracts.

C. Other False Representations to Investors & Lenders

39. In addition to creating sham contracts, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, made or caused to be made numerous other material representations to investors and potential investors and lenders and potential lenders to further their scheme.

40. For example, at the urging of the defendant SAYYED FARHAN ALI NAQVI and others, the defendant PUTHUGRAMAM CHIDAMBARAN, together with others, agreed to tell Investor A and Lender B that iLearning had no access to Entity 1's financial statements and that Entity 1 was refusing to provide its financial information as part of the diligence process—despite the fact that CHIDAMBARAN, NAQVI, and others had access to the relevant financial information and directed and controlled Entity 1's leadership and decisions. This lie was contrived to prevent investors and lenders from learning the truth: that payments made from Entity 1 to iLearning were simply round-tripped funds that Entity 1 received from iLearning.

41. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, also oversaw or participated in the drafting of documents publicly filed by iLearning, including the Form 8-K filed on April 22, 2024, that

falsely described the nature of iLearning's relationship with Entity 1 and failed to describe Entity 1 as a related party, when each of the defendants knew that Entity 1 was controlled by iLearning's management.

42. Moreover, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, directed representatives of purported customers, including Co-Conspirator 1, Co-Conspirator 3, and Co-Conspirator 4, to submit false documents to iLearning's auditor in the lead up to the SPAC Transaction and then subsequently to Lender B. Those statements falsely represented that Entity 1, Entity 3, and Entity 4 had bona fide contracts with iLearning and that the entities were making payments to iLearning pursuant to those contracts when none of those things were true.

D. The Defendants' Efforts to Hide the Scheme

43. Several months after iLearning's IPO and SPAC Transaction, on or about August 29, 2024, an investment research firm issued a report (the "Investment Research Report") accusing iLearning of, among other things, fabricating customers and revenues, and misleading investors about the nature of iLearning's relationship with Entity 1. iLearning's stock price fell over 50% on the day the Investment Research Report was released.

44. In response to the Investment Research Report, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, took numerous steps in an effort to prevent investors and lenders from uncovering their scheme. For example, CHIDAMBARAN, NAQVI, and others participated in calls and meetings with representatives of Lender B and Lender C, including a meeting held in New York City, in which they provided false information to Lender B and Lender C about the nature of iLearning's revenues and customer relationships. And CHIDAMBARAN, NAQVI, and others participated

in creating sham documentation that falsely described the relationship between iLearning and Entity 1 by, among other things, denying that Entity 1 was controlled by iLearning and representing that iLearning's contracts with Entity 1 were made at arm's length.

45. Likewise, after the Investment Research Report's release, Lender B told iLearning that it was concerned that so much of iLearning's reported revenue came from purported collections made by Entity 1, and not by end customers directly. In response, the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, caused or participated in financial transactions that made it appear as though iLearning was receiving bona fide payments directly from customers, when in reality it was simply transferring money back and forth between and among co-conspirators.

46. As part of that effort, iLearning transferred millions of dollars from its bank account with Lender B to a bank account in the name of Entity 1 that was controlled by Co-Conspirator 2. In some instances, Co-Conspirator 2 then transferred the money received from iLearning's bank account into bank accounts in the names of purported customers, including Entity 2, that were, in fact, also controlled by Co-Conspirator 2. Co-Conspirator 2 then transferred the funds back to iLearning. In another instance, iLearning transferred money to Entity 1's bank account and Co-Conspirator 2 then transferred the money to a bank account in the name of Entity 4. The defendant PUTHUGRAMAM CHIDAMBARAN, together with others, arranged to pay Co-Conspirator 3, Entity 4's CEO, approximately $95,000 in exchange for Co-Conspirator 3's transmission of that money back to iLearning and for falsely representing that the payments were made pursuant to Entity 4's contract with iLearning.

47. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, together with others, directed and engaged in the transactions described

above to prevent Lender B and Lender C from foreclosing on the loans they provided to iLearning, to allow iLearning to continue withdrawing funds from its bank accounts at Lender B and Lender C, and to mislead investors into continuing to purchase iLearning's common stock.

48. Payments from iLearning to Entity 1 ceased shortly after the defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI, among others, resigned from iLearning on or about December 23, 2024. And shortly thereafter, all or virtually all payments from purported customers to iLearning, including Entity 1, Entity 2, Entity 3, and Entity 4, ceased, as well.

49. On or about December 20, 2024, iLearning filed for Chapter 11 bankruptcy protection, and on or about March 6, 2025, iLearning converted its Chapter 11 petition to a Chapter 7 liquidation petition.

E. <u>The Defendants' Gains from the Scheme</u>

50. The defendants PUTHUGRAMAM CHIDAMBARAN and SAYYED FARHAN ALI NAQVI profited immensely from their scheme to defraud iLearning's lenders, investors, and shareholders.

51. Between approximately 2023 and 2024, the defendant PUTHUGRAMAM CHIDAMBARAN received more than $700,000 in salary and bonuses from iLearning. Upon the completion of the SPAC Transaction, CHIDAMBARAN received approximately 50,373,997 shares of iLearning common stock, which were worth more than $500 million based on the share's closing price on April 17, 2024. Moreover, on or about August 22, 2024, iLearning's board of directors granted CHIDAMBARAN restricted stock units in iLearning worth approximately $12.5 million.

52. Additionally, the defendant PUTHUGRAMAM CHIDAMBARAN—who, along with his wife, owned approximately 75% of iLearning after the SPAC Transaction—exercised virtually unfettered control over the bank accounts into which the proceeds from the SPAC Transaction and the $60 million in loans from Lender B and Lender C were deposited.

53. Between approximately 2023 and 2024, the defendant SAYYED FARHAN ALI NAQVI received more than $650,000 in salary and bonuses from iLearning. Following the SPAC Transaction, NAQVI also received more than 1.35 million shares of iLearning common stock, which were worth approximately $11.2 million on or about June 20, 2024, the date he was deemed to have received them. Also on or about June 20, 2024, NAQVI received a payment from iLearning of more than $4.4 million to cover the taxes he owed on those shares.

COUNT ONE
(Continuing Financial Crimes Enterprise)

54. The allegations contained in paragraphs one through 53 are realleged and incorporated as if fully set forth in this paragraph.

55. In or about and between January 2019 and April 2025, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did knowingly and intentionally organize, manage, and supervise a continuing financial crimes enterprise, to wit: a series of violations of Title 18, United States Code, Section 1343 affecting one or more financial institutions, committed by at least four persons acting in concert, including violations one through six set forth below, and receive $5,000,000 or more in gross receipts from

such enterprise during a 24-month period. The series of violations, as defined by Title 18, United States Code, Section 225, includes the following violations:

<u>Violations One Through Six</u>
(Wire Fraud Affecting Financial Institutions)

56. On or about the dates set forth below, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did knowingly and intentionally devise a scheme and artifice to defraud one or more investors and potential investors in and lenders and potential lenders to iLearning, and to obtain money and property from them by means of one or more false and fraudulent pretenses, representations, and promises, all affecting financial institutions, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted, by means of wire, radio, and television communication in interstate and foreign commerce, writings, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343, as set forth below:

<u>Violation Number</u>	<u>Approximate Date</u>	<u>Description</u>
ONE	March 27, 2024	E-mail transmission, through the Eastern District of New York, from iLearning's counsel to iLearning's auditor, CHIDAMBARAN, NAQVI, and others of "Confidential Amendment No. 1" executed by CHIDAMBARAN and Investment Bank A
TWO	April 16, 2024	E-mail transmission, through the Eastern District of New York, from counsel for Lender B to CHIDAMBARAN, NAQVI, and others of an executed "Loan and Security Agreement" between iLearning and Lender B

Violation Number	Approximate Date	Description
THREE	April 22, 2024	E-mail transmission, through the Eastern District of New York, from iLearning's counsel to CHIDAMBARAN, NAQVI, counsel for Investor A, and others confirming the filing and transmission of a Form 8-K that included false and misleading financial information
FOUR	June 28, 2024	E-mail transmission, through the Eastern District of New York, from Lender B's counsel to Lender B and Lender C of an executed "First Amendment to Loan and Security Agreement" and "New Lender Joinder Agreement" signed by NAQVI, Lender B, and Lender C
FIVE	September 10, 2024	E-mail transmission, through the Eastern District of New York, reflecting a false contract confirmation from Co-Conspirator 3 to Lender B
SIX	October 11, 2024	Text messages transmitted, through the Eastern District of New York, by representatives of Lender B to NAQVI approving the release of an approximately $2.5 million transfer from iLearning's bank account at Lender B to a bank account in Entity 1's name.

(Title 18, United States Code, Sections 225, 2, and 3551 et seq.)

COUNT TWO
(Conspiracy to Commit Securities Fraud)

57. The allegations contained in paragraphs one through 53 are realleged and incorporated as if fully set forth in this paragraph.

58. In or about and between January 2019 and April 2025, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did knowingly and willfully conspire to use and employ one or more manipulative and deceptive devices and contrivances, contrary to Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section

240.10b-5, by (a) employing one or more devices, schemes and artifices to defraud; (b) making one or more untrue statements of material fact and omitting to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in one or more acts, practices and courses of business which would and did operate as a fraud and deceit upon investors and prospective investors iLearning, in connection with the purchase and sale of securities offered by iLearning, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails, contrary to Title 15, United States Code, Sections 78j(b) and 78ff.

59. In furtherance of the conspiracy and to effect its objects, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did commit and cause the commission of, among others, the following:

OVERT ACTS

(a) On or about July 1, 2019, CHIDAMBARAN signed a sham contract with Entity 1 on behalf of iLearning.

(b) On or about August 22, 2020, CHIDAMBARAN, together with others, reviewed and approved a sham contract with Entity 2.

(c) On or about August 25, 2020, CHIDAMBARAN and NAQVI, together with others, created a document containing false information about Entity 2 to share with potential investors and lenders.

(d) On or about October 22, 2020, NAQVI sent an email to a potential investor in iLearning falsely claiming that Entity 1 and Entity 2 were two of iLearning's biggest customers.

(e) On or about October 17, 2023, CHIDAMBARAN, together with others, purported to execute a sham contract with Co-Conspirator 3 on behalf of Entity 4 and iLearning.

(f) On or about March 18, 2024, Co-Conspirator 3, at the direction of CHIDAMBARAN and others, provided materially false information about iLearning's purported contract with Entity 4 to iLearning's auditor.

(g) On or about April 17, 2024, Co-Conspirator 5 flew to John F. Kennedy International Airport in Queens, New York, to attend the bell-ringing ceremony at the NASDAQ in New York, New York, to market shares of iLearning's common stock to investors.

(h) On or about April 22, 2024, CHIDAMBARAN and NAQVI, together with others, caused to be filed a Form 8-K, which was thereafter transmitted to the Eastern District of New York and elsewhere, that contained materially false and misleading information about, among other things, iLearning's revenues, customers, and relationship with Entity 1.

(i) On or about May 1, 2024, CHIDAMBARAN, NAQVI, Co-Conspirator 5, and others attended the bell-ringing ceremony at the NASDAQ in New York, New York, to market shares of iLearning's common stock to investors.

(j) On or about September 5, 2024, CHIDAMBARAN and NAQVI participated in a meeting held at Lender B's office in New York, New York, with representatives from Lender B and Lender C in which CHIDAMBARAN and NAQVI conveyed materially false and misleading information about iLearning's revenues and customers.

(k) On or about September 9, 2024, NAQVI transmitted by email, through the Eastern District of New York, materially false and misleading information to representatives of Lender B regarding iLearning's customers and revenues.

(l) On or about September 10, 2024, Co-Conspirator 3, at the direction of CHIDAMBARAN, NAQVI, and others, caused to be transmitted false information, through the Eastern District of New York, to Lender B that falsely described Entity 4's contract with iLearning.

(m) On or about September 12, 2024 and September 13, 2024, Co-Conspirator 3, at the direction of CHIDAMBARAN and others, transmitted money to iLearning's bank account that Co-Conspirator 3 had received from Entity 1 and falsely described the transfer as being for goods and services provided by iLearning to Entity 4.

(n) On or about September 22, 2024, NAQVI circulated a memorandum to a representative of Investor A and others containing materially false and misleading information about the nature of iLearning's relationship with Entity 1.

(o) On or about October 9, 2024, NAQVI initiated a wire transfer from iLearning's bank account with Lender B to a bank account in Entity 1's name.

(p) On or about October 17, 2024, NAQVI initiated a wire transfer from iLearning's bank account to a bank account in Entity 1's name.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNT THREE
(Securities Fraud)

60. The allegations contained in paragraphs one through 53 are realleged and incorporated as if fully set forth in this paragraph.

61. In or about and between January 2019 and April 2025, both dates approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did knowingly and willfully use and employ one or more manipulative and deceptive devices and contrivances, contrary to Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing one or more devices, schemes and artifices to defraud; (b) making one or more untrue statements of material fact and omitting to state one or more material facts necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and (c) engaging in one or more acts, practices and courses of business which would and did operate as a fraud and deceit upon one or more investors and prospective investors in iLearning, in connection with the purchase and sale of securities offered by iLearning, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT FOUR
(Conspiracy to Commit Wire Fraud)

62. The allegations contained in paragraphs one through 53 are realleged and incorporated as if fully set forth in this paragraph.

63. In or about and between January 2019 and April 2025, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud one or more investors and potential investors in and lenders and potential lenders to iLearning, and to obtain money and property from them by means of one or more materially false and fraudulent pretenses, representations and promises, all affecting financial institutions and others, and for the purposes of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNTS FIVE THROUGH TEN
(Wire Fraud)

64. The allegations contained in paragraphs one through 53 are realleged and incorporated as if fully set forth in this paragraph.

65. On or about the dates set forth below, within the Eastern District of New York and elsewhere, the defendants PUTHUGRAMAM CHIDAMBARAN, also known as "Harish Chidambaran," and SAYYED FARHAN ALI NAQVI, also known as "Farhan Naqvi," together with others, did knowingly and intentionally devise a scheme and artifice to defraud one or more investors and potential investors in and lenders and potential lenders to iLearning, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, all affecting financial institutions and others, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted by means of wire, radio, and

television communication in interstate and foreign commerce, writings, signals, pictures, and sounds, as set forth below:

Count	Approximate Date	Description
FIVE	March 27, 2024	E-mail transmission, through the Eastern District of New York, from iLearning's counsel to iLearning's auditor, CHIDAMBARAN, NAQVI, and others of "Confidential Amendment No. 1" executed by CHIDAMBARAN and Investment Bank A
SIX	April 16, 2024	E-mail transmission, through the Eastern District of New York, from counsel for Lender B CHIDAMBARAN, NAQVI, and others of an executed "Loan and Security Agreement" between iLearning and Lender B
SEVEN	April 22, 2024	E-mail transmission, through the Eastern District of New York, from iLearning's counsel to CHIDAMBARAN, NAQVI, counsel for Investor A, and others confirming the filing and transmission of a Form 8-K that included false and misleading financial information
EIGHT	June 28, 2024	E-mail transmission, through the Eastern District of New York, from Lender B's counsel to Lender B and Lender C of an executed "First Amendment to Loan and Security Agreement" and "New Lender Joinder Agreement" signed by NAQVI, Lender B, and Lender C
NINE	September 10, 2024	E-mail transmission, through the Eastern District of New York, reflecting a false contract confirmation from Co-Conspirator 3 to Lender B
TEN	October 11, 2024	Text messages transmitted, through the Eastern District of New York, by representatives of Lender B to NAQVI approving the release of an approximately $2.5 million transfer from iLearning's bank account at Lender B to a bank account in Entity 1's name.

(Title 18, United States Code, Sections 1343, 2 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS ONE AND FOUR THROUGH TEN

66. The United States hereby gives notice to the defendants that, upon their conviction of any of the offenses charged in Count One and in Counts Four through Ten, the

government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(2)(A), which requires any person convicted of such offenses to forfeit any property constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

67. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Sections 982(a)(2)(A) and 982(b)(1); Title 21, United States Code, Section 853(p))

CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS TWO AND THREE

68. The United States hereby gives notice to the defendants that, upon their conviction of either of the offenses charged in Counts Two and Three, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to

forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

69. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

A TRUE BILL

/s/

FOREPERSON

by Alixandra Smith, Assistant United States Attorney
JOSEPH NOCELLA, JR.
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK