

1:24-cr-00424

Judge Jeremy C. Daniel

Magistrate Judge Jeffrey Cole

Cat. 4

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED
12/10/2024 BI
THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA

v.

FRANCESCO DISTEFANO and
SARGIS URUMIEH

No. 24 CR 424

Judge Jeremy C. Daniel

Violations: Title 18, United States
Code, Sections 1014, 1343 and
1957(a)

SECOND SUPERSEDING
INDICTMENT

COUNTS ONE THROUGH EIGHT

The SPECIAL MAY 2024 GRAND JURY charges that:

1. At times material to this indictment:

Individuals and Entities

a. Defendant FRANCESCO DISTEFANO was a resident of Addison, Illinois, and the owner and president of Distefano Enterprises LLC (“Distefano Enterprises”), a limited liability company formed under the laws of Montana in or around 2015.

b. Defendant SARGIS URUMIEH, was a resident of Glendale, California and the Chief Executive Officer, Chief Financial Officer, and Secretary of West Coast POS Inc. (“West Coast”), a corporation incorporated under the laws of California on or around February 1, 2019, and the Vice President, Secretary, and Director of National POS Inc. (“National”), a corporation incorporated in Delaware on or about August 31, 2015.

- c. Individual A was a resident of Addison, Illinois.

The Small Business Administration

- d. The U.S. Small Business Administration (“SBA”) was a United States government agency that provided economic support to small businesses.

The Paycheck Protection Program

- e. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 and designed to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

- f. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses and sole proprietors for job retention and certain other expenses, through a program called the Paycheck Protection Program (“PPP”). Congress subsequently authorized an additional \$465 billion in funding for PPP loans, for a total of about \$814 billion.

- g. To obtain a PPP loan, a business, sole proprietor, or self-employed individual submitted a PPP loan application, which was signed by the applicant or an authorized representative of the business. The PPP loan application required the applicants to acknowledge the program rules and make certain affirmative certifications regarding the eligibility of the business, proprietorship, or individual. In the application, businesses, sole proprietors, and self-employed individuals were

required to provide, among other things, their number of employees and average monthly payroll. This figure was used to calculate the applicant's eligibility and the amount of money the business could receive under the PPP. Applicants were also required to make good faith certifications, including that the business entity was in operation on February 15, 2020, and that economic uncertainties had necessitated their loan requests for continued business operations.

h. PPP loan proceeds were required to be used by the business, sole proprietorship, or self-employed individual for certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely forgiven by the SBA if the business, sole proprietorship, or self-employed individual spent the loan proceeds on these items within a designated period of time and used at least a certain percentage of the PPP loan for payroll expenses.

i. To gain access to funds through the PPP, businesses, sole proprietorships, and self-employed individuals applied to financial institutions participating in the PPP and received the loans directly from those financial institutions as the lender.

j. Businesses, sole proprietors, and self-employed individuals that obtained PPP loans and used the full loan amount were allowed to obtain additional funds through the PPP by submitting a Second Draw Borrower Application Form

(“Second Draw Application”), which was signed by the applicant or an authorized representative of the business. The Second Draw Application required the applicants to again acknowledge the program rules and make certain affirmative certifications regarding the eligibility of the business, and again provide their number of employees and average monthly payroll. These figures were again used to calculate the applicant’s eligibility and the amount of money the business could receive under the PPP. Applicants were again required to make good faith certifications, including that economic uncertainties had necessitated their loan requests for continued business operations and that the applicants had used the full amount of the initial PPP loan only for eligible expenses.

k. Participating lenders required applicants for PPP loans to provide truthful information about the sole proprietorship, self-employed individual, or business and its owner, including truthful information about the applicant’s payroll, income, operating expenses, and how the PPP loan would be used, which information was material to (i) lenders’ approval, terms, and funding of loans and (ii) the SBA’s decision to guarantee and to forgive the loans.

The Economic Injury Disaster Loan Program

l. Another source of relief provided by the CARES Act and other pandemic-relief legislation was the expansion of the Economic Injury Disaster Loan (“EIDL”) Program, which provided loan assistance (including advances of up to

\$10,000) for businesses with 500 or fewer employees and other eligible entities. The EIDL Program was designed to provide economic relief to small businesses that were experiencing a temporary loss of revenue.

m. To gain access to funds through the EIDL Program, small businesses applied through the SBA via an online portal and application. As part of the EIDL application process, the SBA required applicants to submit truthful information about the applying entity, its owner, and its financial condition prior to the COVID-19 pandemic. This information included the entity's number of employees as of January 31, 2020; the entity's gross revenues and cost of goods sold for the 12-month period prior to January 31, 2020; and the entity's type of business (i.e., a business, an agricultural business, a sole proprietorship, a cooperative, among others); the date on which the business opened; and the date on which the current owner assumed ownership of the entity. Applicants were required to electronically certify that the information provided in the application was true and correct and were warned that a false statement or misrepresentation to the SBA may result in sanctions, including criminal penalties.

n. EIDL funds were issued to small-business applicants directly from the United States Treasury.

o. EIDL Advance was a grant program offered together with the EIDL Program. EIDL Advance was designed to provide emergency economic relief to

businesses that were experiencing a temporary loss of revenue as a result of the COVID-19 pandemic. The applicant could request consideration for an EIDL advance in an application for an EIDL. The amount of the advance issued to the small-business applicant was determined by the number of employees indicated on the EIDL application, at \$1,000 per employee, up to \$10,000. If an EIDL advance was issued, the advance did not need to be repaid.

p. If an EIDL application was approved by the SBA, the amount of the EIDL was determined in part based on the statements in the EIDL application about the entity's revenues and cost of goods sold for the 12 months prior to January 31, 2020.

q. EIDL Program funds could be used to pay for the ordinary operating expenses and debts of the entity, including payroll, sick leave, production costs, utilities, rent, mortgage payments, continuation of health care benefits, and fixed debt payments.

Mortgage Loans

r. Financial institutions, including banks and mortgage lending businesses that financed or refinanced debt secured by an interest in real estate, required mortgage loan applicants to provide truthful information, including the applicant's financial condition, employment, income, assets, liabilities, and source of

down payment funds, all of which was material to the financial institutions' approval, terms, and funding of mortgage loans.

Financial Institutions and Lenders

s. U.S. Bank National Association ("U.S. Bank") was a financial institution which funded PPP loans to approved borrowers. The deposit accounts of U.S. Bank were insured by the Federal Deposit Insurance Corporation.

t. Encore Bank was a financial institution which funded PPP loans to approved borrowers. The deposit accounts of Encore Bank were insured by the Federal Deposit Insurance Corporation.

u. JPMorgan Chase Bank, N.A. ("Chase Bank") was a financial institution in which West Coast maintained an account. The deposit accounts of Chase Bank were insured by the Federal Deposit Insurance Corporation.

v. Arkansas Capital Corporation ("Arkansas Capital") was a community development finance company located in Little Rock, Arkansas, which originated PPP loans in partnership with financial institutions, including Encore Bank.

w. Better Mortgage Corporation ("Better Mortgage") was a mortgage lending business based in New York that provided residential mortgage loans to borrowers across the United States.

x. Planet Home Lending LLC (“Planet Home”) was a mortgage lending business with an office in Missouri that provided residential mortgage loans to borrowers across the United States.

Electronic Signatures

y. DocuSign was an electronic signature and document management platform that allowed users to send and electronically sign documents using a computer or other electronic device.

Payroll Processors

z. Payroll Processor 1 and Payroll Processor 2 were payroll processing companies who performed payroll services on behalf of client companies, including issuing payroll checks; calculating and withholding payroll taxes; and preparing and filing payroll tax forms such as Forms 940 and 941 on behalf of client companies.

The Scheme to Defraud

2. Beginning in or around March 2020 and continuing through in or around February 2021, in the Northern District of Illinois, and elsewhere,

FRANCESCO DISTEFANO and
SARGIS URUMIEH,

defendants herein, together with others known and unknown to the Grand Jury, knowingly devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property, in connection with applications for PPP loans, EIDLs,

and residential mortgage loans, by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that DISTEFANO and URUMIEH, for the purpose of fraudulently obtaining approximately \$6,348,808 in PPP loan and EIDL funds, submitted and caused to be submitted not fewer than five applications for loans and advances under the PPP and EIDL Programs, on behalf of West Coast and National, which applications contained materially false statements and misrepresentations concerning, among other things, the purported entities' number of employees, gross income, gross revenues, payroll, cost of goods sold, operating expenses, type of business, and existence as companies with ongoing operations.

4. It was further part of the scheme that, for the purpose of obtaining real property for URUMIEH's benefit, defendants DISTEFANO and URUMIEH used approximately \$312,000 in funds fraudulently obtained from the PPP loans to West Coast and National towards the purchase of the real property, and prepared and submitted not less than two fraudulent mortgage loan applications to obtain a mortgage loan in the approximate amount of \$765,600 to fund the purchase of the real property, which applications contained materially false statements and misrepresentations concerning, among other things, URUMIEH's past, present, and future income sources.

West Coast EIDL

5. It was further part of the scheme that between March 31, 2020, and May 22, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted to the SBA an EDIL application on behalf of West Coast in the amount of \$150,000 and an EIDL advance in the amount of \$10,000, knowing that the application contained false and fraudulent representations regarding (a) West Coast's number of employees; (b) West Coast's gross receipts and costs of goods sold; and (c) the truthfulness and accuracy of the application.

6. It was further part of the scheme that in order to obtain the EIDL and advance, DISTEFANO prepared the loan application falsely representing that for the 12 months ending January 1, 2020, West Coast had Gross Receipts of \$5,000,000, Cost of Goods of \$4,500,000, and 12 employees as of that date, and URUMIEH certified in the Loan Authorization and Agreement that all representations in the loan application were true, correct, and complete.

7. It was further part of the scheme, that, through the submission of the false and fraudulent EIDL application, DISTEFANO and URUMIEH caused the SBA to disburse a loan and advance totaling \$159,900 into an account that URUMIEH maintained and controlled in the name of West Coast at Chase Bank, when, as DISTEFANO and URUMIEH knew, neither they nor West Coast were entitled to the EIDL funds.

West Coast First Draw PPP Loan

8. It was further part of the scheme that between, on or about July 17, 2020, and on or about July 22, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted to Arkansas Capital a PPP loan application on behalf of West Coast in the amount of \$1,090,891, knowing that the application contained false and fraudulent representations regarding: (a) West Coast's number of employees; (b) West Coast's average monthly payroll; and (c) the truthfulness and accuracy of the application and supporting documents.

9. It was further part of the scheme that, in order to obtain a PPP loan, on or about July 20, 2020, URUMIEH sent an email to Arkansas Capital, containing the PPP loan application for West Coast, with a fraudulent IRS Form 940, and fraudulent summary payroll report, which falsely represented that West Coast had 14 employees with an average monthly payroll of \$436,356.37, and had paid its employees, wages, tips, and compensation of \$5,236,276.47 in 2019.

10. It was further a part of the scheme that, on or around July 21, 2020, DISTEFANO applied URUMIEH's Docusign signature to documents to open bank accounts in the name of West Coast ending in 6266 and 6282 at Encore Bank, which accounts were to be used to effect and conceal the scheme.

11. It was further part of the scheme that, on or about July 21, 2020, URUMIEH submitted and caused to be submitted to Arkansas Capital, documents

that included a fraudulent IRS Form 941 and falsely represented that West Coast had paid \$1,765,990.17 to its employees as wages, tips, and compensation in the first quarter of 2020.

12. It was further part of the scheme that, through the submission of the false and fraudulent PPP loan application and supporting materials, DISTEFANO and URUMIEH caused, on or about July 22, 2020, a PPP loan of approximately \$1,090,890 to be disbursed into the West Coast account ending 6266 at Encore Bank, when, as DISTEFANO and URUMIEH knew, neither they nor West Coast were entitled to the PPP loan funds.

13. It was further part of the scheme that, on or about July 23, 2020, URIMIEH, with DISTEFANO's unannounced presence to assist him, participated in a phone call with Payroll Processor 1, in an effort to establish an account for West Coast in order to disguise the withdrawals of the PPP proceeds obtained from Encore Bank as payroll, and, during such call, falsely represented that West Coast had approximately \$2,000,000 to \$2,500,000 in gross sales in 2019.

14. It was further part of the scheme that, on or about July 23, 2020, DISTEFANO applied for and established an account for West Coast with Payroll Processor 2, in order to disguise as payroll the withdrawals of the PPP proceeds from the accounts at Encore Bank.

15. It was further part of the scheme that on or about July 28, 2020,

DISTEFANO created a fictitious list of approximately 66 purported employees titled “WESTCOASTPOSINCEXPORTPayrollRUn06.xlsx” to be used in support of the West Coast PPP loan application, and URUMIEH thereafter transmitted the fictitious list to Arkansas Capital.

16. It was further part of the scheme that, on or about July 28, 2020, URUMIEH submitted and caused to be submitted on behalf of West Coast to Arkansas Capital, what URUMIEH characterized as a “corrected” first page of the PPP loan application with the increased number of employees from 14 to 67, knowing that it contained false and fraudulent representations regarding the number of employees and average monthly payroll.

National First Draw PPP Loan

17. It was further part of the scheme that, on or about July 26, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted to Arkansas Capital a PPP loan application and supporting documents on behalf of National in the amount of \$1,722,646, knowing that the application materials contained false and fraudulent representations regarding: (a) National’s number of employees; (b) National’s average monthly payroll; and (c) the truthfulness and accuracy of the application and supporting documents.

18. It was further part of the scheme that, on or about July 26, 2020, DISTEFANO and URUMIEH caused an email to be sent to Arkansas Capital

transmitting a fraudulent PPP loan application that contained false representations, including that National had 19 employees and an average monthly payroll \$689,058.20, and accompanied the fraudulent PPP loan application with a fraudulent payroll summary report and fraudulent IRS Form 941 for the first quarter of 2020 that falsely reported the payment of wages of approximately \$2,157,170 to employees.

19. It was further a part of the scheme that, on or about July 27, 2020, DISTEFANO and URUMIEH caused to be submitted to Arkansas Capital a fraudulent IRS Form 940 that falsely reported that National paid wages, tips, and compensation of approximately \$8,269,698 to its employees.

20. It was further a part of the scheme that, on or around July 27, 2020, URUMIEH, for the purpose of effecting and concealing the scheme, applied his Docusign signature to a Signature Card form to open a bank account for National ending in 6449 at Encore Bank.

21. It was further part of the scheme that, on or about July 28, 2020, DISTEFANO created a fictitious list of approximately 122 purported employees titled “NATIONALPOSINCexportPayrollRun06.xlsx” to be used in support of the National PPP loan application, and URUMIEH thereafter transmitted the fictitious list to Arkansas Capital.

22. It was further part of the scheme that, on or about July 28, 2020, URUMIEH submitted and caused to be submitted to Arkansas Capital, what he

characterized as a “corrected” PPP loan application for National, knowing that it falsely and fraudulently represented that National had 123 employees.

23. It was further a part of the scheme that, on or around July 28, 2020, DISTEFANO, for the purpose of effecting and concealing the scheme, applied a Docusign signature for URUMIEH to a Signature Card form to open a bank account for National ending in 6472 at Encore Bank.

24. It was further part of the scheme that, through the submission of the false and fraudulent PPP loan application and supporting materials, on or about July 29, 2020, DISTEFANO and URUMIEH caused a PPP loan of approximately \$1,722,645 to be deposited into a National account ending in 6449 at Encore Bank, when, as DISTEFANO and URUMIEH knew, neither they nor National were entitled to the PPP loan funds.

West Coast Second Draw PPP Application

25. It was further part of the scheme that between approximately January 29, 2021, and February 5, 2021, DISTEFANO and URUMIEH submitted and caused to be submitted to Arkansas Capital, a fraudulent second draw PPP loan application on behalf of West Coast in the approximate amount of \$1,380,655, knowing that it contained false and fraudulent representations regarding: (a) West Coast’s number of employees; (b) West Coast’s average monthly payroll; (c) gross receipts; and (d) the truthfulness and accuracy of the application and supporting documents.

26. It was further part of the scheme that, on or about February 5, 2021, DISTEFANO submitted and caused to be submitted a fraudulent second draw loan application, and fraudulent IRS Forms 941 for 2019, to Arkansas Capital, which, as DISTEFANO and URUMIEH knew, falsely represented that West Coast had 14 employees, its monthly payroll was approximately \$552,262, and total payments to all employees were approximately \$6,627,145 for year 2019.

National Second Draw PPP Application

27. It was further part of the scheme that, between approximately January 29, 2021 and February 5, 2021, DISTEFANO and URUMIEH submitted and caused to be submitted to Arkansas Capital an application for a PPP loan for National in the amount of approximately \$1,994,717, knowing that it contained false and fraudulent representations regarding: (a) the number of employees; (b) average monthly payroll; (c) gross receipts; and (d) the truthfulness and accuracy of the application and supporting documents.

28. It was further part of the scheme that, on or around February 5, 2021, DISTEFANO submitted and caused to be submitted to Arkansas Capital fraudulent tax forms, namely IRS Forms 941 for tax year 2019, which as DISTEFANO and URUMIEH knew, contained false representations regarding National's number of employees, total payments to all employees, and average monthly payroll.

Purchase of Property in Glendale, California

29. It was further part of the scheme that, on or about August 17, 2020, URUMIEH caused \$450,000 in funds obtained from the PPP loan to National to be transferred from the account ending in 6449 that he controlled at Encore Bank to the account ending in 6472 that he controlled at Encore Bank.

30. It was further part of the scheme that, on or about August 18, 2020, URUMIEH caused \$450,000 in funds obtained from the PPP loan to National to be transferred from the account ending in 6472 that he controlled at Encore Bank to the account ending in 6250 that he controlled at Chase Bank.

31. It was further part of the scheme that, on or about September 3, 2020, URUMIEH caused \$32,000 in funds obtained from the PPP loan to National to be transferred from the account ending in 6250 that he controlled at Chase Bank to an escrow account for the purchase of real property located at 29XX E. Chevy Chase Dr. in Glendale, California (the “Glendale Property”).

Better Mortgage

32. It was further part of the scheme that, between approximately September 9, 2020 and October 19, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted to Better Mortgage an application for a residential real estate loan in the amount of approximately \$746,555 to purchase the Glendale Property, knowing that such application contained false and fraudulent

representations regarding: (a) monthly income; and (b) the truthfulness and accuracy of the application and supporting documents.

33. It was further part of the scheme that, on or about September 9, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted a fraudulent Uniform Residential Loan Application to Better Mortgage falsely representing that URUMIEH had monthly income of \$233,333.

34. It was further part of the scheme that between approximately September 9, 2020 and October 19, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted to Better Mortgage two fraudulent individual income tax returns (IRS Forms 1040-X) falsely representing that URUMIEH had adjusted gross income of \$8,908,233.43 in 2019 and adjusted gross income of \$7,659,188.50 in 2018, and a fraudulent letter from “ER TAX SERVICES” explaining the IRS Forms 1040-X.

35. It was further part of the scheme that between approximately September 9, 2020, and October 19, 2020, DISTEFANO and URUMIEH submitted and caused to be submitted to Better Mortgage a fraudulent “Large Deposit Explanation” that falsely attributed a \$450,000 deposit of proceeds from the National first draw PPP loan into an account that URUMIEH controlled at Chase Bank ending in 6250, as proceeds of a liquidation of URUMIEH’s “stock options on TastyTrade.”

36. It was further a part of the scheme that, on or about October 19, 2020, URIMIAH, after he was informed by Better Mortgage that his loan application had been rejected by underwriting because of “discrepancies in income in the amount of millions of dollars from what was reported to the IRS when your taxes were filed as opposed to the tax returns that [Better Mortgage] received,” sent an email to DISTEFANO and Individual A stating “[t]hats what I was concerned about” and asking “[w]hat now?” to which DISTEFANO responded with a false narrative for URUMIEH to provide to Better Mortgage.

Planet Home

37. It was further part of the scheme that, between approximately October 30, 2020 and December 4, 2020, DISTEFANO, URUMIEH, and Individual A submitted and caused to be submitted to Planet Home an application on behalf of URUMIEH for a residential real estate loan in the amount of approximately \$765,600 to purchase the Glendale Property, knowing that such application contained false and fraudulent representations regarding: (a) monthly income; and (b) the truthfulness and accuracy of the application and supporting documents.

38. It was further part of the scheme that, on or about October 30, 2020, DISTEFANO and URIMIAH submitted and caused to be submitted a fraudulent Uniform Residential Loan Application to Planet Home falsely representing that

URUMIEH was employed by National and West Coast, both of Addison, Illinois, with a total monthly income of \$30,833.

39. It was further a part of the scheme that, on or about November 17, 2020, URUMIEH caused \$105,000 in proceeds of the West Coast PPP loan to be transferred from an account at Encore Bank ending in 6282 to an account that URUMIEH controlled at Chase Bank ending in 6250.

40. It was further part of the scheme that, between approximately October 30, 2020 and December 4, 2020, DISTEFANO, URUMIEH, and Individual A, created and caused to be created and submitted to Planet Home, a fraudulent Sales Purchase Agreement dated August 1, 2020 (the “Sales Purchase Agreement”), that falsely recounted that West Coast was sold by URUMIEH to Distefano Enterprises for \$2,000,000 payable in installments, and that URUMIEH was to enter into a 10-year employment agreement with Distefano Enterprises at an annual salary of \$365,000.

41. It was further a part of the scheme that, on or around December 4, 2020, URIMIAH executed and caused to be submitted a fraudulent Uniform Residential Loan Application to Planet Home falsely representing that he was then employed by West Coast of Addison, Illinois as a “Consultant” with a total monthly income of \$30,416.

42. It was further a part of the scheme that, on or around December 4, 2020, URUMIEH caused a wire transfer of approximately \$280,421 in funds from the

account he controlled at Chase Bank ending in 6250, to Escrow Company 1 for the purchase of the Glendale Property.

43. It was further part of the scheme that, through the submission of the false and fraudulent Uniform Residential Loan Application and supporting materials, on or about December 4, 2020, URUMIEH, DISTEFANO, and Individual A caused Planet Home to disburse approximately \$765,600 to Escrow Company 1 to enable URUMIEH to purchase the Glendale Property, when, as URUMIEH, DISTEFANO, and Individual A knew, URUMIEH was not entitled to the funds.

44. It was further part of the scheme that DISTEFANO and URUMIEH misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence and purpose of the scheme and the acts done in furtherance of the scheme.

45. On or about the dates set forth below, in the Northern District of Illinois, Eastern Division, and elsewhere, defendants FRANCESCO DISTEFANO and SARGIS URUMIEH, as set forth below, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, listed below, each such writing, sign, and signal constituting a separate count:

Count	Date	Description of Act
1	March 31, 2020	An internet transmission of an EIDL application on behalf of "WEST COAST POS INC." to the SBA

Count	Date	Description of Act
2	July 20, 2020	An internet transmission of a PPP loan application on behalf of "WEST COAST POS INC." to Arkansas Capital
3	July 21, 2020	An internet transmission of a DocuSign signature upon a Corporate Authorization Resolution form to Encore Bank
4	February 5, 2021	An internet transmission of a PPP loan application on behalf of "WEST COAST POS INC." to Arkansas Capital
5	July 26, 2020	An internet transmission of a PPP loan application on behalf of "NATIONAL POS INC." to Arkansas Capital
6	July 28, 2020	An internet transmission of a DocuSign signature upon a Signature Card form to Encore Bank
7	February 5, 2021	An internet transmission of a PPP loan application on behalf of "NATIONAL POS INC." accompanied by falsified IRS Forms 941 to Arkansas Capital
8	November 27, 2020	An internet transmission of a DocuSign envelope containing the Sales Purchase Agreement from DISTEFANO to URUMIEH

In violation of Title 18, United States Code, Section 1343.

COUNTS NINE THROUGH ELEVEN

The SPECIAL MAY 2024 GRAND JURY further charges:

1. Paragraphs 1(a), 1(d) through 1(q), 1(s), 1(t), 1(v), and 1(z) of Counts One through Eight are incorporated here.

2. Beginning in or around March 2020, and continuing until in or around February 2021, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANCESCO DISTEFANO,

defendant herein, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money and property from government relief programs, by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that DISTEFANO, for the purpose of fraudulently obtaining approximately \$440,835 in PPP and EIDL funds, submitted and caused to be submitted not fewer than three fraudulent applications for loans and advances under the PPP and EIDL programs on behalf of Distefano Enterprises, which applications and supporting documents contained materially false representations concerning, among other things, Distefano Enterprises' purported number of employees, payroll, gross revenues and operating expenses.

EIDL Application and Loan

4. It was further part of the scheme, that on or about March 31, 2020, DISTEFANO submitted and caused to be submitted to the SBA an online EIDL application for Distefano Enterprises seeking a loan in the amount of \$150,000 and an EIDL advance in the amount of \$10,000, knowing that the application contained false and fraudulent representations.

5. It was further part of the scheme that on or about March 31, 2020, in order to obtain the EIDL and advance, DISTEFANO prepared and submitted a fraudulent loan application in which he falsely represented that Distefano Enterprises had gross revenues of \$2,500,000 and cost of goods sold of \$2,120,000 for the 12 months ending January 31, 2020, and 12 employees as of that date, when, as DISTEFANO knew, Distefano Enterprises did not have 12 employees and did not have the revenues or cost of goods stated in the application.

6. It was further part of the scheme that, through the submission of the false and fraudulent EIDL application, DISTEFANO caused the SBA, on or about June 10, 2020, to disburse approximately \$149,900 in EIDL proceeds into a bank account ending in 9624 at U.S. Bank that was controlled by DISTEFANO.

7. It was further part of the scheme that, through the submission of the false and fraudulent EIDL application, DISTEFANO caused the SBA, on or about June 18, 2020, to disburse approximately \$10,000 in EIDL advance funds into a bank

account ending in 9624 at U.S. Bank that was controlled by DISTEFANO.

PPP Loan from U.S. Bank

8. It was further part of the scheme that between approximately April 20, 2020, and May 13, 2020, DISTEFANO submitted and caused to be submitted to U.S. Bank a PPP loan application on behalf of Distefano Enterprises in the amount of \$237,500, knowing that the application contained false and fraudulent representations regarding: (a) Distefano Enterprises' number of employees; (b) Distefano Enterprises' average monthly payroll; and (c) the truthfulness and accuracy of the application and supporting documents.

9. It was further part of the scheme that, in order to obtain a PPP loan, on or about April 27, 2020, DISTEFANO sent an email to U.S. Bank, containing the fraudulent PPP loan application for Distefano Enterprises, which falsely represented that Distefano Enterprises had 14 employees with an average monthly payroll of \$95,000.

10. It was further part of the scheme that, on or about April 27, 2020, DISTEFANO sent an email to U.S. Bank, containing a fraudulent Payroll Run Report that falsely purported to be issued by Payroll Processor 2 and falsely represented that Distefano Enterprises had total payroll of approximately \$1,011,889 during calendar year 2019.

11. It was further part of the scheme that, on or about May 13, 2020,

DISTEFANO submitted a revised fraudulent PPP loan application to U.S. Bank, which falsely represented that Distefano Enterprises had 14 employees with an average monthly payroll of \$79,166.

12. It was further part of the scheme that, through the submission of the false and fraudulent PPP loan application and supporting materials, DISTEFANO caused U.S. Bank, on or about May 13, 2020, to disburse a PPP loan of approximately \$197,915 into an account DISTEFANO controlled at U.S. Bank ending 9624, when, as DISTEFANO knew, neither he nor Distefano Enterprises was entitled to the PPP loan funds.

Forgiveness Application Submitted to SBA

13. It was further part of the scheme that, on or around October 29, 2020, in order to fraudulently obtain forgiveness of the Distefano Enterprises PPP loan obtained through U.S. Bank, DISTEFANO submitted and caused to be submitted to the SBA, a PPP Loan Forgiveness Application Form 3508EZ, knowing that the forgiveness application contained false and fraudulent representations regarding: (a) Distefano Enterprises' number of employees; (b) Distefano Enterprises' average monthly payroll; and (c) the truthfulness and accuracy of the application and supporting documents.

14. It was further part of the scheme that, on or around October 29, 2020 DISTEFANO prepared and submitted a fraudulent forgiveness application to SBA

falsely representing that, between May 13, 2020 and October 27, 2020, Distefano Enterprises had payroll costs of \$255,478.54, and that, as of the date of the forgiveness application, Distefano Enterprises had seven employees, when, as DISTEFANO knew, DISTEFANO enterprises did not have seven employees and had not paid the payroll amounts represented.

15. It was further part of the scheme that on or around October 29, 2020, DISTEFANO submitted to the U.S. Bank in support of the forgiveness application, a fraudulent IRS Form 941 for the third quarter of 2020, falsely representing that Distefano Enterprises had seven employees who received wages, tips, or other compensation totaling \$217,149.38 during that period, and that the original of the IRS Form 941 had been filed electronically, when, as DISTEFANO knew, Distefano Enterprises had not filed or caused to be filed an IRS Form 941 and had neither the employees nor the payroll represented in the document.

Distefano Enterprises Second Draw PPP Application

16. It was further part of the scheme that, between approximately January 29, 2021 and February 5, 2021, DISTEFANO submitted and caused to be submitted to Arkansas Capital an application for a second draw PPP loan for Distefano Enterprises in the amount of approximately \$83,920, knowing that it contained false and fraudulent representations regarding: (a) the number of employees; (b) average monthly payroll; and (c) the truthfulness and accuracy of the application and

supporting documents.

17. It was further part of the scheme that, in order to obtain a PPP loan, on or about February 5, 2021, DISTEFANO sent an email to Arkansas Capital, containing a fraudulent PPP loan application for Distefano Enterprises, falsely representing that Distefano Enterprises had 14 employees and average monthly payroll of \$33,568.13, when, as DISTEFANO knew, Distefano Enterprises had neither the represented number of employees nor the represented amount of payroll.

18. It was further part of the scheme that on or about February 5, 2021, DISTEFANO submitted to Arkansas Capital, in support of the Distefano Enterprises second draw PPP loan application, fraudulent IRS Forms 941 for the first, second, third, and fourth quarters of 2019, and the second quarter of 2020, that had not been filed with the IRS, and falsely represented the number of individuals employed and wages paid by Distefano Enterprises.

19. It was further part of the scheme that DISTEFANO misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence and purpose of the scheme and the acts done in furtherance of the scheme.

20. On or about the dates set forth below, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant FRANCESCO DISTEFANO, as set forth below, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, listed below, each such writing, sign, and signal constituting a separate count:

Count	Date	Description of Act
9	March 31, 2020	An internet transmission of an EIDL application on behalf of "DISTEFANO ENTERPRISES LLC" to the SBA
10	April 27, 2020	An internet transmission of a PPP loan application on behalf of "DISTEFANO ENTERPRISES LLC" to U.S. Bank
11	February 5, 2021	An internet transmission of a PPP loan application on behalf of "DISTEFANO ENTERPRISES LLC" accompanied by falsified IRS Forms 941 to Arkansas Capital

In violation of Title 18, United States Code, Section 1343.

COUNT TWELVE

The SPECIAL MAY 2024 GRAND JURY further charges:

1. Paragraphs 1(a), 1(d) through 1(i), 1(k), and 1(s) of Counts One through Eight are incorporated here.
2. On or about April 27, 2020, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANCESCO DISTEFANO,

defendant herein, knowingly made a false statement to U.S. Bank for the purpose of influencing the actions of U.S. Bank concerning a PPP loan application, in that defendant falsely stated:

- a. That Distefano Enterprises had 14 employees; and
 - b. That Distefano Enterprises had an Average Monthly Payroll of \$95,000;
- when defendant knew that such statements were false;

In violation of Title 18, United States Code, Section 1014.

COUNTS THIRTEEN THROUGH SEVENTEEN

The SPECIAL MAY 2024 GRAND JURY further charges:

On or about the dates set forth below, in the Northern District of Illinois and elsewhere,

FRANCESCO DISTEFANO,

defendant herein, did knowingly engage and attempt to engage in a monetary transaction affecting interstate or foreign commerce and involving criminally derived property of a value greater than \$10,000, in the manner described by count below, such property having been derived from specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343:

Count	Date	Financial Transaction
13	July 31, 2020	Transfer and deposit of \$388,821 into U.S. Bank account ending in 9624 of proceeds traceable to the National PPP loan
14	July 31, 2020	The purchase of Cashier's Check #4264509237 in the amount of \$95,445 with funds from the U.S. Bank Account ending in 9624 that was used to purchase a 2016 Lamborghini Huracan, VIN # ending in 4413
15	July 31, 2020	The purchase of Cashier's Check #4264509235 in the amount of \$41,250.94 with funds from the U.S. Bank Account ending in 9624 that was used to purchase a 2017 Maserati Ghibli, VIN # ending in 0190
16	July 31, 2020	The purchase of Cashier's Check #4264509234 in the amount of \$46,509.39 with funds from the U.S. Bank Account ending in 9624 that was used to purchase to payoff loan balance for a 2020 Land Rover Evoque, VIN # ending in 6525

17	August 6, 2020	Use of Check #1212 in the amount of \$89,345 drawn on U.S. Bank account ending in 9624 for purchase of 2017 Porsche 911 Carrera S Coupe, VIN # ending in 3487
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All in violation of Title 18, United States Code, Section 1957(a).

FORFEITURE ALLEGATION ONE
(Proceeds of the Distefano and Urumieh Scheme)

The SPECIAL MAY 2024 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343, as set forth in Counts One through Eight of this Superseding Indictment, defendants shall forfeit to the United States of America any property which constitutes and is derived from proceeds traceable to the offense, as provided in Title 18, United States Code, Section 981(a)(1)(C), and any property traceable to such property, as provided in Title 18, United States Code, Section 982(a)(1).

2. The property to be forfeited includes, but is not limited to:

a. A personal money judgment in an amount equal to the proceeds derived from the offenses in violation of Title 18, United States Code, Section 1343, estimated to be approximately \$2,973,436.

b. The following specific property:

- i. a 2016 Lamborghini Huracan, VIN # ZHWUC2ZF1GLA04413;
- ii. 2017 Maserati Ghibli, VIN # ZAM57RTA1H1230190;
- iii. 2020 Land Rover Evoque, VIN # SALZP2FX7LH006525;
- iv. 2017 Porsche 911 Carrera S Coupe, VIN # WP0AB2A9XHS123487;
- v. 2020 Tesla Model 3, VIN # 5YJ3E1EA5LF808078;
- vi. 29XX E. Chevy Chase Dr. in Glendale, California; and

vii. \$320,117.25 seized from U.S. Bank account ending in 9624.

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

FORFEITURE ALLEGATION TWO
(Proceeds of the Distefano PPP and EIDL Scheme)

The SPECIAL MAY 2024 GRAND JURY further alleges:

1. Upon conviction of offenses in violation of Title 18, United States Code, Sections 1014 and 1343, as set forth in Counts Nine through Twelve of this Superseding Indictment, defendant shall forfeit to the United States of America any property which constitutes and is derived from proceeds traceable to the offense, as provided in Title 18, United States Code, Section 981(a)(1)(C), and any property traceable to such property, as provided in Title 18, United States Code, Section 982(a)(1).

2. The property to be forfeited includes, but is not limited to:

a. A personal money judgment in an amount equal to the proceeds derived from the offenses in violation of Title 18, United States Code, Sections 1014 and 1343, estimated to be approximately \$357,815.

b. The following specific property:

i. \$357,815 seized from U.S. Bank account ending in 9624.

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, the

United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code, Section 853(p).

A TRUE BILL:

FOREPERSON

ACTING UNITED STATES ATTORNEY