ATTACHMENT A

STIPULATION OF FACTS

The undersigned parties stipulate and agree that if this case had proceeded to trial, this Office would have proven the following facts beyond a reasonable doubt. The undersigned parties also stipulate and agree that the following facts do not encompass all of the evidence that would have been presented had this matter proceeded to trial.

Defendant Ayaz Qureshi, born in 1969, is a resident of Severna Park, Maryland. Beginning in March 2021 and continuing through December 2021, in the District of Maryland, Qureshi aided and abetted a scheme of his associate A.S. to defraud a financial institution, Cross River Bank, to obtain a fraudulent loan for Yazee, Inc., Qureshi's purported business, under the Paycheck Protection Program (PPP), part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in or around March 2020.

Ultimately, Qureshi fraudulently obtained $250,723 and paid A.S. a $75,000 kickback as in connection with the scheme. The offense is described in more detail below.

PPP Application and Kickback Payments

On or about March 14, 2021, A.S. submitted a fraudulent PPP loan application to Cross River Bank for Yazee, Inc., a purported business for which Qureshi was the President. Yazee, Inc. had no employees at the time and was not operating in any legitimate capacity. In fact, at the time of the submission of the PPP application, Qureshi was employed by another business—a pizza shop located in Baltimore, Maryland—and also served as a delivery driver for another business not affiliated with Yazee, Inc.

The submission of the application to Cross River Bank caused an interstate wire from Maryland to a location outside of Maryland. A.S

The PPP loan application submitted by A.S. contained multiple material misrepresentations, including that Yazee, Inc. had 16 employees and an average monthly payroll of $100,289. In support of the loan application, a fabricated IRS Form 940—Employer's Annual Federal Unemployment Tax Return—was submitted, which falsely indicated that Yazee, Inc.'s "[t]otal payments to all employees" in 2019 was $1,203,471.52. The IRS Form 940 was not legitimate, and the information within it was false; Yazee, Inc. did not pay any wages to or withhold federal income tax from any employees during the 2019 tax year.

Additionally, prior to the submission of the PPP loan application, Qureshi gave A.S. documents to be submitted with the application, including photographs of his driver's license, a voided check and bank statement from a Wells Fargo bank account in the name of Yazee, Inc. and controlled by Qureshi. Qureshi further provided A.S. the Employer Identification Number (EIN) and Articles of Incorporation for Yazee, Inc.

Based on the false representations and fraudulent submissions made on behalf of Qureshi as the owner of Yazee, Inc., on March 22, 2021, Cross River Bank approved the PPP loan application and electronically disbursed approximately $250,723.00 to the Wells Fargo account referenced above, causing an interstate wire from a location outside Maryland to Maryland.

Qureshi agreed to pay A.S. a kickback for his work in submitting the false application and obtaining the PPP loan funds. This kickback came in the form of eight checks totaling $75,000 (or approximately 30 percent of the PPP loan), which Qureshi provided to A.S. after receiving the PPP loan funds.

On each of those checks, Qureshi wrote the amount, but left the payee name blank. A.S. and others ultimately wrote a payee name on each of those checks, deposited the checks, and $75,000—directly traceable to the fraudulent PPP loan funds—was ultimately drawn on the Wells Fargo account in the name of Yazee, Inc. and controlled by Qureshi.

Moreover, during March 2021 and continuing through December 2021, Qureshi visited A.S.'s office in Baltimore multiple times, and they frequently communicated by phone and, at times, by email. Qureshi and A.S. spoke by phone multiple times around the time of the submission of the fraudulent PPP application for Yazee, Inc., after Qureshi received the PPP funds, and thereafter. Qureshi also told an associate that he had received a PPP loan with the assistance of A.S., and this individual approached A.S. about the prospect of obtaining a PPP loan.

Establishment of Payroll for Purported Employees

Proceeds from a PPP loan were required to be used only for certain permissible business expenses, including payroll costs, mortgage interest, rent, and utilities. Qureshi and A.S. were aware that, under the applicable PPP rules, interest and principal on a legitimate PPP loan were eligible for forgiveness, if the business spent the loan proceeds on permissible items within a designated period of time and used a certain portion of the loan toward payroll expenses.

Accordingly, in an attempt to make it appear that the PPP loan funds were being used for legitimate purposes, on or about June 22, 2021, Qureshi, at the suggestion of A.S., signed an agreement with Heartland Inc. to provide payroll services to purported employees of Yazee, Inc. Pursuant to the agreement, and at the direction of Qureshi, Heartland withdrew funds from the Wells Fargo account referenced above, and made payments using the PPP funds to purported employees of Yazee, Inc., including Qureshi and other of his associates.

In total, $144,647.21 in sham payroll payments were made using funds traceable to the PPP loan obtained by Qureshi and his purported business. None of the purported employees were in fact legitimately employed by Yazee, Inc. at the time of the submission of the PPP application. And only one of the purported employees ever provided any labor at all to Qureshi—for a time, covering Qureshi's delivery route for a business unaffiliate with Yazee, Inc.

In connection with the scheme, Qureshi engaged in email correspondence with Heartland concerning purported employees to be added and removed from the payroll and spoke with employees of Heartland on the phone as well. In certain emails, Qureshi falsely represented what these individuals' roles at the company were to be.

Qureshi made no payments to Cross River Bank in connection with the PPP loan obtained for Yazee, Inc., and the loan was ultimately forgiven.

Defendant used the other PPP funds for various personal expenses and provided a portion of the funds to family members. As noted, he also provided A.S. $75,000 in PPP funds as a kickback. Defendant's use of the funds in this manner was impermissible under the PPP.

SO STIPULATED:

Paul A. Riley
Bijon Mostoufi
Assistant United States Attorneys

4-8-24
Date

Ayaz Qureshi
Defendant

4/8/24
Date

Jonathan Ai, Esq.

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