U.S. Department of Justice

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February 22, 2023

Christopher Macchiaroli, Esq.
Silverman, Thompson, Slutkin & White
1750 K Street, NW, Suite 810
Washington, DC 20006

Re: *United States v. Alexander Barabash*
Criminal No. JKB-22-232

Dear Mr. Macchiaroli:

This letter, together with the Sealed Supplement, confirms the plea agreement (this "Agreement") that has been offered to your client, Alexander Barabash (hereinafter "Defendant"), by the United States Attorney's Office for the District of Maryland ("this Office"). If the Defendant accepts this offer, please have him execute it in the spaces provided below. If this offer has not been accepted by **February 24, 2023**, it will be deemed withdrawn. The terms of the Agreement are as follows:

Offense of Conviction

1. The Defendant agrees to plead guilty to Count One of the Indictment, which charges him with wire fraud, in violation of 18 U.S.C § 1343. The Defendant admits that he is, in fact, guilty of this offense and will so advise the Court.

Elements of the Offense

2. The elements of the offense to which the Defendant has agreed to plead guilty, and which this Office would prove if the case went to trial, are as follows: That on or about the time alleged in the Indictment, in the District of Maryland,

a. First, that there was a scheme or artifice to defraud or to obtain money or property by materially false and fraudulent pretenses, representations or promises, from a financial institution, as alleged in the Indictment;

b. Second, that the defendant knowingly and willfully participated in the scheme or artifice to defraud, with knowledge of its fraudulent nature and with specific intent to defraud; and

c. Third, that in execution of that scheme, the defendant used or caused the use of an interstate or international wire communication in furtherance of the scheme to defraud, as specified in the Indictment.

Penalties

3. The maximum penalties provided by statute for the offense to which the Defendant is pleading guilty is as follows:

Count	Statute	Maximum Prison	Supervised Release	Maximum Fine	Special Assessment
1	18 U.S.C. § 1343	30 years	5 years	$1,000,000 or twice the gain or loss from the offense	$100

a. Alternative Fine: If any person derived pecuniary gain from the offense, or if the offense results in pecuniary loss to a person other than the Defendant, the Defendant may be fined not more than the greater of twice the gross gain or twice the gross loss. Given the amount of restitution the Defendant owes, this Office is not seeking a fine.

b. Supervised Release: If the Court orders a term of supervised release, and the Defendant violates the conditions of supervised release, the Court may order the Defendant returned to custody to serve a term of imprisonment as permitted by statute, followed by an additional term of supervised release. The parties agree to supervision being transferred to the District of Arizona.

c. Restitution: The Court may order the Defendant to pay restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3664.

d. Payment: If a fine or restitution is imposed, it shall be payable immediately, unless the Court orders otherwise under 18 U.S.C. § 3572(d). The Defendant may be required to pay interest if the fine is not paid when due.

e. Forfeiture: The Court may enter an order of forfeiture of assets directly traceable to the offense, substitute assets, and/or a money judgment equal to the value of the property subject to forfeiture.

f. Collection of Debts: If the Court imposes a fine or restitution, this Office's Financial Litigation Unit will be responsible for collecting the debt. If the Court establishes a schedule of payments, the Defendant agrees that: (1) the full amount of the fine or restitution is nonetheless due and owing immediately; (2) the schedule of payments is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment; and (3) the United States may fully employ all powers to collect on the total amount of the debt as provided by law. Until the debt is paid, the Defendant agrees to disclose all assets in which the Defendant has any interest or over which the Defendant exercises direct or indirect control. Until the money judgment is satisfied, the Defendant authorizes this Office to obtain a credit report in order to evaluate the Defendant's ability to pay, and to request and review the Defendant's federal and state income tax returns. The Defendant agrees to complete and sign a copy of IRS Form 8821 (relating to the voluntary disclosure of federal tax return information) and a financial statement in a form provided by this Office.

Waiver of Rights

4. The Defendant understands that by entering into this Agreement, the Defendant surrenders certain rights as outlined below:

a. If the Defendant had pled not guilty and persisted in that plea, the Defendant would have had the right to a speedy jury trial with the close assistance of competent counsel. That trial could be conducted by a judge, without a jury, if the Defendant, this Office, and the Court all agreed.

b. If the Defendant elected a jury trial, the jury would be composed of twelve individuals selected from the community. Counsel and the Defendant would have the opportunity to challenge prospective jurors who demonstrated bias or who were otherwise unqualified and would have the opportunity to strike a certain number of jurors peremptorily. All twelve jurors would have to agree unanimously before the Defendant could be found guilty of any count. The jury would be instructed that the Defendant was presumed to be innocent, and that presumption could be overcome only by proof beyond a reasonable doubt.

c. If the Defendant went to trial, the Government would have the burden of proving the Defendant guilty beyond a reasonable doubt. The Defendant would have the right to confront and cross-examine the Government's witnesses. The Defendant would not have to present any defense witnesses or evidence whatsoever. If the Defendant wanted to call witnesses in defense, however, the Defendant would have the subpoena power of the Court to compel the witnesses to attend.

d. The Defendant would have the right to testify in the Defendant's own defense if the Defendant so chose, and the Defendant would have the right to refuse to testify. If the Defendant chose not to testify, the Court could instruct the jury that they could not draw any adverse inference from the Defendant's decision not to testify.

e. If the Defendant were found guilty after a trial, the Defendant would have the right to appeal the verdict and the Court's pretrial and trial decisions on the admissibility of evidence to see if any errors were committed which would require a new trial or dismissal of the charges. By pleading guilty, the Defendant knowingly gives up the right to appeal the verdict and the Court's decisions.

f. By pleading guilty, the Defendant will be giving up all of these rights, except the right, under the limited circumstances set forth in the "Waiver of Appeal" paragraph below, to appeal the sentence. By pleading guilty, the Defendant understands that the Defendant may have to answer the Court's questions both about the rights being given up and about the facts of the case. Any statements that the Defendant makes during such a hearing would not be admissible against the Defendant during a trial except in a criminal proceeding for perjury or false statement.

g. If the Court accepts the Defendant's plea of guilty, the Defendant will be giving up the right to file and have the Court rule on pretrial motions, and there will be no further trial or proceeding of any kind in the above-referenced criminal case, and the Court will find the Defendant guilty.

h. By pleading guilty, the Defendant will also be giving up certain valuable civil rights and may be subject to deportation or other loss of immigration status, including possible denaturalization. The Defendant recognizes that if the Defendant is not a citizen of the United States, or is a naturalized citizen, pleading guilty may have consequences with respect to the Defendant's immigration status. Under federal law, conviction for a broad range of crimes can lead to adverse immigration consequences, including automatic removal from the United States. Removal and other immigration consequences are the subject of a separate proceeding, however, and the Defendant understands that no one, including the Defendant's attorney or the Court, can predict with certainty the effect of a conviction on immigration status. The Defendant is not relying on any promise or belief about the immigration consequences of pleading guilty. The Defendant nevertheless affirms that the Defendant wants to plead guilty regardless of any potential immigration consequences.

Advisory Sentencing Guidelines Apply

5. The Defendant understands that the Court will determine a sentencing guidelines range for this case (henceforth the "advisory guidelines range") pursuant to the Sentencing Reform Act of 1984 at 18 U.S.C. §§ 3551-3742 (excepting 18 U.S.C. §§ 3553(b)(1) and 3742(e)) and 28 U.S.C. §§ 991 through 998. The Defendant further understands that the Court will impose a sentence pursuant to the Sentencing Reform Act, as excised, and must take into account the advisory guidelines range in establishing a reasonable sentence.

Factual and Advisory Guidelines Stipulation

6. This Office and the Defendant understand, agree, and stipulate to the Statement of Facts set forth in Attachment A hereto, which this Office would prove beyond a reasonable doubt, and to the following applicable sentencing guidelines factors:

a. The parties agree and stipulate that pursuant to U.S.S.G. § 2B1.1(a)(1) the base offense level for Count One (wire fraud) is seven (7).

b. The offense involved a loss of more than $550,000 and less than $1.5 million. Pursuant to § 2B1.1(b)(1)(H), an upward adjustment of fourteen (14) levels is applicable. (Subtotal: level 21)

c. The Defendant derived more than $1,000,000 in gross receipts from one or more financial institutions as a result of the offense. Pursuant to § 2B1.1(b)(17)(A), an upward adjustment of two (2) levels is applicable. (Subtotal: level 23)

d. This Office does not oppose a two-level reduction in the Defendant's adjusted offense level, based upon the Defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for his criminal conduct. This Office agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional one-level decrease in recognition of the Defendant's timely notification of his intention to plead guilty. This Office may oppose any adjustment for acceptance of responsibility under U.S.S.G. § 3E1.1(a) and may decline to make a motion pursuant to U.S.S.G. § 3E1.1(b), if the Defendant: (i) fails to admit each and every item in the factual stipulation; (ii) denies involvement in the offense; (iii) gives conflicting statements about the Defendant's involvement in the offense; (iv) is untruthful with the Court, this Office, or the United States Probation Office; (v) obstructs or attempts to obstruct justice prior to sentencing; (vi) engages in any criminal conduct between the date of this Agreement and the date of sentencing; (vii) attempts to withdraw the plea of guilty; or (viii) violates this Agreement in any way.

e. **Accordingly, the resulting anticipated offense level, after reduction for acceptance of responsibility, is 20**.

7. There is no agreement as to the Defendant's criminal history and the Defendant understands that the Defendant's criminal history could alter the Defendant's offense level. Specifically, the Defendant understands that the Defendant's criminal history could alter the final offense level if the Defendant is determined to be a career offender or if the instant offense was a part of a pattern of criminal conduct from which the Defendant derived a substantial portion of the Defendant's income.

8. Other than as set forth above, no other offense characteristics, sentencing guidelines factors, potential departures or adjustments set forth in the United States Sentencing Guidelines are in dispute or will be raised in calculating the advisory guidelines range.

Obligations of the Parties

9. At the time of sentencing, this Office and the Defendant reserve the right to advocate for a reasonable sentence, period of supervised release, and/or fine considering any appropriate factors under 18 U.S.C. § 3553(a). This Office and the Defendant reserve the right to bring to the Court's attention all information with respect to the Defendant's background, character, health, and conduct that this Office or the Defendant deem relevant to sentencing.

Waiver of Appeal

10. In exchange for the concessions made by this Office and the Defendant in this Agreement, this Office and the Defendant waive their rights to appeal as follows:

a. The Defendant knowingly waives all right, pursuant to 28 U.S.C. § 1291 or any other statute or constitutional provision, to appeal the Defendant's conviction on any ground whatsoever. This includes a waiver of all right to appeal the Defendant's conviction on the ground that the statute(s) to which the Defendant is pleading guilty is unconstitutional, or on the ground that the admitted conduct does not fall within the scope of the statute(s), to the extent that such challenges legally can be waived.

b. The Defendant and this Office knowingly and expressly waive all rights conferred by 18 U.S.C. § 3742 to appeal whatever sentence is imposed (including any term of imprisonment, fine, term of supervised release, or order of restitution) for any reason (including the establishment of the advisory sentencing guidelines range, the determination of the Defendant's criminal history, the weighing of the sentencing factors, and any constitutional challenges to the calculation and imposition of any term of imprisonment, fine, order of forfeiture, order of restitution, and term or condition of supervised release), except as follows:

i. The Defendant reserves the right to appeal any sentence that exceeds the statutory maximum; and

ii. This Office reserves the right to appeal any sentence below a statutory minimum.

c. The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and agrees not to file any request for documents from this Office or any investigating agency.

Restitution

11. The Defendant agrees to the entry of a Restitution Order for the full amount of the victim's loss, which the parties stipulate is **at least $1,295,000**, which amount shall be due and payable at the time of sentencing. The defendant shall make a bona fide effort to pay restitution in full as soon as practicable as determined by the Court and United States Probation. The Defendant agrees that, pursuant to 18 U.S.C. §§ 3663 and 3663A and §§ 3563(b)(2) and 3583(d), the Court may order restitution of the full amount of the actual, total loss caused by the offense conduct set forth in the factual stipulation. The Defendant further agrees that he will fully disclose to the probation officer and to the Court, subject to the penalty of perjury, all information, including but not limited to copies of all relevant bank and financial records, regarding the current location and prior disposition of all funds obtained as a result of the criminal conduct set forth in the factual stipulation. The Defendant further agrees to take all reasonable steps to retrieve or repatriate any such funds and to make them available for restitution. If the Defendant does not fulfill this provision, it will be considered a material breach of this plea agreement, and this Office may seek to be relieved of its obligations under this agreement.

Forfeiture

12. The Defendant understands that the Court will enter an Order of Forfeiture as part of the Defendant's sentence, and that the Order of Forfeiture may include assets directly traceable

to the offense(s), substitute assets, and/or a money judgment equal to the value of the property derived from, or otherwise involved in, the offenses.

13. Specifically, but without limitation on the Government's right to forfeit all property subject to forfeiture as permitted by law, the Defendant agrees to forfeit to the United States all of the Defendant's right, title and interest in the following assets, which the Defendant agrees constitute money, property, and/or assets derived from or obtained by the Defendant as a result of, or used to facilitate the commission of, the Defendant's illegal activities:

a. a money judgment in the amount of $1,295,000, which represents the proceeds the Defendant obtained as a result of the scheme to defraud; and

b. $504,869.54 in funds seized on or about December 23, 2021, from M&T Bank account ending in x3819 in the name of iDesignBuild LLC (Asset ID: 22-USS-000113).

14. The Defendant also agrees that, due to his acts or omissions, the total proceeds he obtained as a result of the scheme to defraud are not currently available to the Government for forfeiture, and therefore the Government is entitled to substitute assets because one or more of the conditions of 21 U.S.C. § 853(p) have been met. The Defendant agrees to forfeit to the United States all of the Defendant's right, title, and interest in the following property that constitutes a substitute asset:

a. the real property located at 14044 Fox Hill Road, Sparks Glencoe, Maryland 21152.

If specific direct or substitute assets are forfeited and liquidated, any net proceeds of the asset shall be applied to the money judgment.

15. The Defendant agrees to consent to the entry of orders of forfeiture for the property described herein and waives the requirements of Federal Rules of Criminal Procedure 11(b)(1)(J), 32.2, and 43(a) regarding notice of the forfeiture in the charging instrument, advice regarding forfeiture during the change of plea hearing, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. In accordance with Federal Rule of Criminal Procedure 32.2(b)(4)(A), the Defendant agrees that any Order of Forfeiture will become final as to him when the Court enters it. The parties acknowledge any Order of Forfeiture imposing a money judgment is enforceable against the Defendant only.

16. The Defendant agrees to assist fully in the forfeiture of the above property. The Defendant agrees to disclose all assets and sources of income, to consent to all requests for access to information related to assets and income, and to take all steps necessary to pass clear title to the forfeited assets to the United States, including executing all documents necessary to transfer such title, assisting in bringing any assets located outside of the United States within the jurisdiction of the United States, and taking whatever steps are necessary to ensure that assets subject to forfeiture are made available for forfeiture.

17. The Defendant waives all challenges to any forfeiture carried out in accordance with this Agreement on any grounds, including any and all constitutional, legal, equitable, statutory, or administrative grounds brought by any means, including through direct appeal, habeas corpus petition, or civil complaint. The Defendant will not challenge or seek review of any civil or administrative forfeiture of any property subject to forfeiture under this Agreement, and will not assist any third party with any challenge or review or any petition for remission of forfeiture.

18. The Defendant agrees not to file a claim or contest entry of a default or default judgment in any civil forfeiture proceeding against any of the assets subject to forfeiture under this Agreement. The Defendant acknowledges that the decision to pursue forfeiture of these assets through civil or criminal cases is at the sole discretion of this Office.

19. This Office will recommend to the Attorney General that any net proceeds derived from the sale of any forfeited assets be remitted or restored to eligible victims of the offense, pursuant to 18 U.S.C. § 981(e), 28 C.F.R. Pt. 9, and other applicable law, it being understood that this Office has authority only to recommend such relief and that the final decision of whether to grant relief rests with the Department of Justice, which will make its decision in accordance with applicable law.

Defendant's Conduct Prior to Sentencing and Breach

20. Between now and the date of the sentencing, the Defendant will not engage in conduct that constitutes obstruction of justice under U.S.S.G. § 3C1.1; will not violate any federal, state, or local law; will acknowledge guilt to the probation officer and the Court; will be truthful in any statement to the Court, this Office, law enforcement agents, and probation officers; will cooperate in the preparation of the presentence report; and will not move to withdraw from the plea of guilty or from this Agreement.

21. If the Defendant engages in conduct prior to sentencing that violates the above paragraph of this Agreement, and the Court finds a violation by a preponderance of the evidence, then: (i) this Office will be free from its obligations under this Agreement; (ii) this Office may make sentencing arguments and recommendations different from those set out in this Agreement, even if the Agreement was reached pursuant to Rule 11(c)(1)(C); and (iii) in any criminal or civil proceeding, this Office will be free to use against the Defendant all statements made by the Defendant and any of the information or materials provided by the Defendant, including statements, information, and materials provided pursuant to this Agreement, and statements made during proceedings before the Court pursuant to Rule 11 of the Federal Rules of Criminal Procedure. A determination that this Office is released from its obligations under this Agreement will not permit the Defendant to withdraw the guilty plea. The Defendant acknowledges that the Defendant may not withdraw the Defendant's guilty plea—even if made pursuant to Rule 11(c)(1)(C)—if the Court finds that the Defendant breached the Agreement. In that event, neither the Court nor the Government will be bound by the specific sentence or sentencing range agreed and stipulated to herein pursuant to Rule 11(c)(1)(C).

Court Not a Party

22. The Court is not a party to this Agreement. The sentence to be imposed is within the sole discretion of the Court. The Court is not bound by the Sentencing Guidelines stipulation in this Agreement. The Court will determine the facts relevant to sentencing. The Court is not required to accept any recommendation or stipulation of the parties. The Court has the power to impose a sentence up to the maximum penalty allowed by law. If the Court makes sentencing findings different from those stipulated in this Agreement, or if the Court imposes any sentence up to the maximum allowed by statute, the Defendant will remain bound to fulfill all of the obligations under this Agreement. Neither the prosecutor, defense counsel, nor the Court can make a binding prediction, promise, or representation as to what guidelines range or sentence the Defendant will receive. The Defendant agrees that no one has made such a binding prediction or promise.

Entire Agreement

23. This letter, together with the Sealed Supplement, constitutes the complete plea agreement in this case. This letter, together with the Sealed Supplement, supersedes any prior understandings, promises, or conditions between this Office and the Defendant. There are no other agreements, promises, undertakings, or understandings between the Defendant and this Office other than those set forth in this letter and the Sealed Supplement. No changes to this Agreement will be effective unless in writing, signed by all parties and approved by the Court.

If the Defendant fully accepts each and every term and condition of this Agreement, please sign and have the Defendant sign the original and return it to me promptly.

Very truly yours,

Erek L. Barron
United States Attorney

Darryl L. Tarver
Assistant United States Attorney

I have read this Agreement, including the Sealed Supplement, and carefully reviewed every part of it with my attorney. I understand it and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney and I do not wish to change any part of it. I am completely satisfied with the representation of my attorney.

02/27/2023
Date

Alexander Barabash

I am the Defendant's attorney. I have carefully reviewed every part of this Agreement, including the Sealed Supplement with the Defendant. The Defendant advises me that the Defendant understands and accepts its terms. To my knowledge, the Defendant's decision to enter into this Agreement is an informed and voluntary one.

2/27/2023
Date

C. Macchiaroli
Christopher Macchiaroli, Esq.

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.

Beginning in or about April 2020, and continuing until at least February 26, 2021, in the District of Maryland, the Defendant, Alexander Barabash, knowingly and willfully devised, executed and attempted to execute a scheme and artifice to defraud M&T Bank, and the U.S. Small Business Administration ("SBA"), to obtain monies and funds under the custody and control of the bank through false and fraudulent representations and promises.

Defendant is the sole owner and CEO of iDesignbuild LLC ("iDesignBuild"), a construction company formed in Maryland in January 2016. iDesignBuild held a business bank account ending in *3819 with M&T Bank, and the Defendant was the sole authorized signer of the account (which is hereinafter referred to as "M&T x3819").

Between approximately April 2020 and January 2021, Defendant submitted and caused to be submitted to M&T Bank, by interstate wire communications originating in Maryland, three Paycheck Protection Program ("PPP")[1] loan applications on behalf of iDesignBuild: (1) an April 2020 PPP loan; (2) an unsuccessful April 25, 2020 PPP loan application; and (3) a January 2021 PPP loan.

On or about April 9, 2020, Defendant, using the wires of interstate commerce, completed and submitted to M&T Bank an online PPP loan application on behalf of iDesignBuild (the "April 2020 PPP Loan"). The loan application, which was electronically signed and initialed by the Defendant, represented that iDesignBuild had four employees and an average monthly payroll of $18,750. In the loan application, Defendant electronically initialed a clause stating that he understood that knowingly providing false information to obtain an SBA-guaranteed loan is punishable under federal law. On April 23, 2020, based on the representations Defendant made and caused to be made on the loan application, M&T Bank funded a PPP loan of $46,800, which was credited to M&T x3819.

While iDesignBuild engaged independent contractors for various work-related matters, none of the independent contractors were IRS Form W-2 employees. iDesignBuild did not

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[1] The PPP was implemented as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, a federal law enacted in or about March 2020 and designed to provide emergency financial assistance to Americans who were suffering economic hardships caused by the COVID-19 pandemic. PPP loans were forgivable loans issued by participating lenders (such as M&T Bank) to small businesses for job retention and other specified expenses. All PPP loans issued by participating lenders were 100% guaranteed by the SBA.

withhold payroll taxes for any individuals who performed work for the company. These independent contractors therefore did not qualify as employees for purposes of the PPP.

On or about April 25, 2020, just weeks after submitting the April 2020 application for the PPP Loan, and two days after receiving the $46,800, Defendant electronically submitted another PPP loan application to M&T Bank on behalf of iDesignBuild. The application represented that iDesignBuild had seven employees and an average monthly payroll of $38,777.60, which was three more employees, and over $20,000 more in average monthly payroll, than what Defendant had represented sixteen days prior. The application was for a $96,944 PPP loan; however, M&T Bank did not approve the loan because iDesignBuild was ineligible to receive another loan after having already received the April 2020 PPP Loan just days prior. In support of the unsuccessful PPP loan application, Defendant submitted to M&T Bank: 2019 IRS Forms 941 for every quarter in 2019 and a 2019 IRS Form 940. All of the attached tax forms were signed by Defendant and his tax preparer, Stanley Beers. However, the Defendant knew that iDesignBuild had never filed the 2019 IRS Forms 940 or 941.

On or about January 20, 2021, Defendant signed and submitted a third PPP Borrower Application to M&T Bank on behalf of iDesignBuild (the "January 2021 PPP Loan"). The application for the January 2021 PPP Loan was transmitted by interstate wires. The Defendant represented on the form that iDesignBuild had 37 employees and an average monthly payroll of $525,227—several times greater than what Defendant had represented just nine months prior. Based on the representations Defendant made and caused to be made on the loan application, M&T Bank funded a PPP loan of $1,295,000, which was credited to M&T x3819 on February 26, 2021.

In support of the application for the January 2021 PPP Loan, Defendant submitted a fraudulent 2019 IRS Form 940, and fraudulent 2019 IRS Forms 941 for each quarter of 2019. Compared to the 2019 tax forms attached to the unsuccessful PPP loan application from April 25, 2020, the January 2021 forms reported more than six times the number of employees and nearly $1.5 million more in wages paid in each quarter. The forms were again signed by Defendant and his tax preparer, Stanley Beers, who prepared the forms, and the Defendant submitted them despite knowing that they were never filed with the IRS. The Defendant also knew that the IRS Forms 940 and 941 did not accurately reflect iDesignbuild's wages or revenues, in part because iDesignbuild did not have any W-2 employees for which it withheld payroll taxes.

Together, the April 2020 PPP Loan, the unsuccessful April 25, 2020 application, and the January 2021 PPP Loan show Defendant's knowing participation in a scheme to defraud M&T Bank and the SBA to obtain funds that he was not eligible to receive. As noted above, no 2019 IRS Forms 940 or 941 were ever filed with the IRS, which means that Defendant provided false and fabricated forms to M&T Bank on at least two separate occasions.

Based on the false and fraudulent representations made in the January 2021 PPP Loan application, Defendant received $1,295,000 in PPP loan proceeds, which M&T Bank disbursed to M&T x3819 on or about February 26, 2021. As a result, M&T x3819 contained fraud proceeds intermingled with iDesignBuild's business revenues. Defendant attested and certified on each of his PPP loan applications that he would only use PPP loan proceeds on certain permissible expenses such as payroll costs, interest on mortgages, rent and utilities. But, in the weeks and months following the disbursement of the fraudulent loan proceeds to M&T x3819, Defendant made several purchases from M&T x3819 that were inconsistent with legitimate PPP-authorized purchases, including but not limited to:

- March 10, 2021, check drawn in the amount of $15,000 to a Title Company for the purchase of real property located at 7 Fila Way, Sparks Glencoe, Maryland 21152;
- March 24, 2021, check drawn in the amount of $25,000 to a Title Company for the purchase of real property located at 14044 Fox Hill Road, Sparks Glencoe, Maryland 21152;
- April 2, 2021, check drawn in the amount of $10,500 to Auto Showroom for the purchase of a 2016 Chevrolet Corvette;
- April 12, 2021, check drawn in the amount of $36,000 to a Title Company for the purchase of real property at 7 Fila Way, Sparks Glencoe, Maryland;
- April 30, 2021, wire transfer in the amount of $435,000 to a Title Company as an advance of funds toward the purchase of real property at 7 Fila Way, Sparks Glencoe, Maryland (paid as security to proceed with the purchase of 7 Fila Way; a portion of these funds were later transmitted back to M&T x3819); and
- May 21, 2021, wire transfer in the amount of $170,867.88 to a Title Company for the purchase of real property at 14044 Fox Hill Road, Sparks Glencoe, Maryland.

Defendant admits that the above-mentioned expenditures would not have been made absent receipt of the $1,295,000 PPP loan, were not permissible uses of PPP funds, and given the intermingling of funds, certain of the transactions could not have taken place without receipt of the PPP funds.

I have read this Statement of Facts and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. I do not wish to change any part of it.

SO STIPULATED:

Alexander Barabash
Defendant

C. Macchiaroli C Macchiaroli

Christopher Macchiaroli, Esq.
Counsel for Defendant

Darryl L. Tarver
Assistant United States Attorney