IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,	:	
	:	
v.	:	**Criminal No. 1:21-CR-523-TNM**
	:	
ELIAS ELDABBAGH,	:	
	:	
Defendant.	:	

STATEMENT OF OFFENSE

The United States of America, by and through its attorney, the United States Attorney for the District of Columbia, and the defendant, **ELIAS ELDABBAGH** (hereinafter, "**ELDABBAGH**"), agree and stipulate to the facts presented below. These facts are presented for the purpose of demonstrating there is a factual basis for **ELDABBAGH**'s guilty plea pursuant to Federal Rule of Criminal Procedure 11, and do not represent all of the evidence that could have been presented at a trial. At all times relevant to this Statement of Offense:

Entities

1. Alias Systems, LLC, was a Virginia Limited Liability Company formed by **ELDABBAGH** in Virginia on August 31, 2018 and controlled by **ELDABBAGH**.

2. COMPANY 1 was a business consulting company based in Washington, D.C. COMPANY 1 had no affiliation with Alias Systems, LLC.

Persons

3. Defendant **ELIAS ELDABBAGH ("ELDABBAGH")** was a resident of Arlington Virginia and Washington, DC.

4. C.S. was a resident of the Reno, Nevada area and Fair Oaks, California area. C.S. was never employed by or affiliated with Alias Systems, LLC.

5. R.S. was the Chairman of the Board and Co-Founder of COMPANY 1. R.S. was never employed by or affiliated with Alias Systems, LLC.

6. D.M. was the President of COMPANY 1. D.M. was never employed by or affiliated with Alias Systems, LLC.

7. C.C. was a Partner of COMPANY 1. C.C. was never employed by or affiliated with Alias Systems, LLC.

Bank Accounts

8. US Bank Account #9292 was held in the name of Alias Systems, LLC, and **ELDABBAGH**.

9. E*Trade Accounts #1226, #6025, #1941, #1960, #7562, #2256, and #1952 were financial accounts held in the name of **ELIAS ELDABBAGH**.

10. Morgan Stanley Account #0816 and #0817 were financial accounts held in the name of **ELIAS ELDABBAGH**.

11. Webull Financial #8010 was a financial account held in the name of **ELIAS ELDABBAGH**.

12. Robinhood #0177 was an investment account held in the name of **ELIAS ELDABBAGH.**

13. Citibank #7483 was a financial account held in the name of **ELIAS ELDABBAGH.**

14. Tastyworks #2616 was a financial account held in the name of **ELIAS ELDABBAGH.**

The Small Business Administration

15. The United States Small Business Administration ("SBA") was an executive branch agency of the United States government that provided support to entrepreneurs and small businesses. The mission of the SBA was to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

The Paycheck Protection Program

16. 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 suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of billions in forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the PPP.

17. To obtain a PPP loan, a qualifying business must have submitted a PPP loan application, which was signed by an authorized representative of the business. The applicant of a PPP loan was required to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the applicant must state, among other things, its: (a) average monthly payroll expenses and (b) number of employees. These figures were used to calculate the amount of money the small business was eligible to receive under the PPP. In addition, businesses applying for a PPP loan must have provided documentation showing their payroll expenses. To qualify for eligibility, businesses that applied for a PPP loan needed to be in operation as of February 15, 2020.

18. A PPP loan application must have been processed by a participating financial institution (the lender). If a PPP loan application was approved, the participating financial institution funded the PPP loan using its own monies, which were 100% guaranteed by the Small Business Administration ("SBA"). Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, was transmitted by the lender to the SBA in the course of processing the loan.

19. PPP loan proceeds must have been used by the business 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 if the business spent the loan proceeds on these expense items within a designated period of time and used a certain percentage of the PPP loan proceeds on payroll expenses.

20. In or around December 27, 2020, the Economic Aid to Hard-Hit Small Business, Nonprofits and Venues Act provided additional funding for the PPP and extended the application deadline to March 31, 2021. The act enabled borrowers to take a second draw PPP loan under the same general terms as their first PPP loan up to a maximum loan amount of $2 million. The act reopened the program to borrowers who did not previously receive a first draw PPP loan. To be eligible for a second draw, borrowers had to employ no more than 300 employees, demonstrate a 25% reduction in gross receipts during a calendar quarter in 2020, and have expended the full amount of their initial PPP loan. Allowable expenses were expanded to include worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. The expansion applied retroactively to first draw PPP loans that had not been forgiven by the SBA.

The Economic Injury Disaster Loan Program

21. An Economic Injury Disaster Loan ("EIDL") was an SBA-administered loan designed to provide assistance to small businesses that suffer substantial economic injury as a result of a declared disaster. An EIDL helped businesses meet necessary financial obligations that could have been met had the disaster not occurred. It provided relief from economic injury that the disaster caused and permitted businesses to maintain a reasonable working capital position during the period that the disaster affected.

22. EIDL funds were issued directly from the United States Treasury and applicants applied through the SBA via an online portal. The EIDL application process collected information concerning the business and the business owner, including information as to the gross revenues for the 12 months prior to the disaster; the cost of goods sold; and information as to any criminal history of the business owner. Applicants electronically certified that the information provided was accurate and they were warned that any false statement or misrepresentation to the SBA or any misapplication of loan proceeds may result in sanctions, including criminal penalties.

23. In March 2020, due to the COVID-19 pandemic, the SBA issued an EIDL declaration. The declaration made EIDL loans available nationwide to small businesses to help alleviate economic injury that COVID-19 caused. EIDL loans were usually limited to a maximum amount of $2 million. However, during the COVID-19 pandemic, EIDL loans were limited for a period of time to $150,000.

Theft of Identifying Information

24. In approximately December 2018, **ELDABBAGH** stole the identification card and social security card of C.S., who was known to **ELDABBAGH** and living with him at that time.

25. In or between February 2020 and April 2020, **ELDABBAGH** stole corporate income tax and employment tax returns and other sensitive corporate documents from Company 1, which documents also contained personal identifying information of R.S., D.M., and C.C.

The Defendant's PPP Loan and EIDL Fraud Scheme

26. Between at least July 2020 and May 2021, in the District of Columbia and elsewhere, **ELDABBAGH** knowingly devised, intended to devise, and participated in a scheme and artifice to fraudulently obtain more than $31 million, in connection with materially false applications for PPP and EIDL funds, with the intent to defraud and with knowledge of the scheme's fraudulent nature ("the Wire Fraud Scheme" and/or the "scheme to defraud").

27. **ELDABBAGH** filed false and fraudulent applications for PPP loans and EIDL funds in the name of Alias Systems, LLC, using the stolen identities of C.S., R.S., C.C., and D.M., who had no knowledge of the applications and did not authorize the use of their identifying information in support of the applications. In total, **ELDABBAGH** submitted at least 25 fraudulent applications seeking more than **$30,430,230 in PPP funds** and at least four fraudulent applications seeking **$950,000 in EIDL funds** for a total attempted loss of **$31,380,230.47** that he was not entitled to receive. In support of some of these fraudulent applications, **ELDABBAGH** submitted identifying information of C.S., R.S., C.C., and D.M. and tax returns and payroll records that were stolen from COMPANY 1 and fraudulently altered to appear to be tax returns and payroll records of Alias Systems, LLC.

As part of his scheme to defraud, ELDABBACH filed the following false and fraudulent PPP and EIDL applications:

DATE	TYPE	NAME	LENDER	LOAN AMOUNT
7/4/2020	PPP	Alias Systems, LLC	Cross River Bank	$ 823,958.33
7/15/2020	PPP	Elias Eldabbagh	US Bank	$ 98,958.00
7/19/2020	PPP	Alias Systems, LLC	US Bank	$ 989,583.00
7/27/2020	PPP	Alias Systems, LLC	Cross River Bank	$ 957,292.00
7/29/2020	EIDL	Alias Systems LLC	SBA	$ 500,000.00
7/29/2020	PPP	Alias Systems, LLC	Funding Circle	$ 1,125,000.00
7/30/2020	EIDL	Vicker	SBA	$ 150,000.00
7/30/2020	EIDL	Kyle Dunbar	SBA	$ 150,000.00
7/30/2020	PPP	Alias Systems, LLC	BlueVine (Fundera)	$ 1,132,083.54
8/3/2020	PPP	Alias Systems, LLC	Sandy Spring Bank	$ 1,241,632.50
8/8/2020	PPP	Elias Eldabbagh	BlueVine (BFNYC)	$ 1,075,020.21
1/18/2021	EIDL	Elias Eldabbagh	SBA	$ 150,000.00
1/21/2021	PPP	Alias Systems, LLC	WebBank via Paypal	$ 937,500.00
1/24/2021	PPP	Alias Systems, LLC	Cross River Bank	$ 1,033,956.00
1/27/2021	PPP	Alias Systems, LLC	Lendio, Inc.	$ 1,170,000.00
1/27/2021	PPP	Alias Systems, LLC	ReadyCap Lending , LLC	$ 1,170,000.00
1/28/2021	PPP	Alias Systems, LLC	Harvest Small Business Finance, LLC	$ 1,170,000.00
2/4/2021	PPP	Alias Systems, LLC	First Bank of the Lake	$ 1,595,091.41
2/5/2021	PPP	Alias Systems, LLC	Newtek Small Business Finance, LLC	$ 1,120,000.00
2/8/2021	PPP	Alias Systems, LLC	Zions Bank	$ 1,710,425.00
2/8/2021	PPP	Alias Systems, LLC	BlueVine	$ 1,022,249.48
2/17/2021	PPP	Alias Systems, LLC	US Bank	$ 1,750,000.00
2/26/2021	PPP	Alias Systems, LLC	ReadyCap Lending , LLC	$ 1,115,000.00
3/1/2021	PPP	Alias Systems, LLC	ReadyCap Lending , LLC	$ 1,620,000.00
3/11/2021	PPP	Alias Systems, LLC	US Bank	$ 1,640,000.00
3/13/2021	PPP	Alias Systems, LLC	TD Bank	$ 1,620,000.00
3/18/2021	PPP	Alias Systems, LLC	Itria Ventures, LLC (BIZ2Credit)	$ 1,854,165.00
4/23/2021	PPP	Alias Systems, LLC	ReadyCap Lending , LLC	$ 1,020,817.00
5/17/2021	PPP	Alias Systems, LLC	Itria Ventures, LLC (BIZ2Credit)	$ 1,437,499.00
				$ 31,380,230.47

Actual Loss

28. Based upon the false and fraudulent applications, the defendant caused the actual loss of $2,385,000 from the following false applications:

DATE	TYPE	NAME	LENDER	LOAN AMOUNT
7/29/2020	EIDL	Alias Systems, LLC	SBA	$ 150,000.00
2/5/2021	PPP	Alias Systems, LLC	Newtek Small Business Finance, LLC	$ 1,120,000.00
2/26/2021	PPP	Alias Systems, LLC	ReadyCap Lending , LLC	$ 1,115,000.00
				$ 2,385,000.00

Wires in Furtherance of the Scheme

29. On or about the dates set forth below, in the District of Columbia and elsewhere, the defendant, **ELIAS ELDABBAGH,** for the purpose of executing and attempting to execute the scheme to defraud, transmitted and caused to be transmitted by means of wire communication in interstate commerce, the following writings, signs, signals, pictures, and sounds:

DATE	DESCRIPTION
January 27, 2021	An interstate wire signal originating from the District of Columbia to Lendio constituting a false and fraudulent PPP loan application in the name of Alias Systems, LLC for $1,170,000.
January 28, 2021	An interstate wire signal originating from the District of Columbia to Harvest Small Business Finance, LLC constituting a false and fraudulent PPP loan application in the name of Alias Systems, LLC for $1,170,000.
February 5, 2021	An interstate wire signal originating from the District of Columbia to Newtek Small Business Finance constituting a false and fraudulent PPP loan application in the name of Alias Systems, LLC for $1,120,000.
February 8, 2021	An interstate wire signal originating from the District of Columbia to Zions Bank constituting a false and fraudulent PPP loan application in the name of Alias Systems, LLC for $1,710,425.
February 12, 2021	An interstate wire signal originating from the District of Columbia to ReadyCap Lending constituting a false and fraudulent PPP loan application in the name of Alias Systems, LLC for $1,115,000.

Monetary Transactions in Criminally Derived Proceeds

30. On or about the dates listed below, in the District of Columbia, the defendant, **ELIAS ELDABBAGH,** did knowingly engage and attempt to engage in the following monetary transactions by, through, and to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than $10,000, such property having been derived from a specified unlawful activity, that is, the proceeds of the Wire Fraud Scheme, in violation of Title 18, United States Code, Section 1343, each such monetary transaction constituting a separate count of this Indictment:

DATE	MONETARY TRANSACTION
August 12, 2020	$45,000 wire transfer from US Bank account #9292 to Robinhood account #0177
August 24, 2020	$68,129.48 check from US Bank account #9292 to Tesla Motors Inc.
February 19, 2021	$100,000 wire transfer from US Bank account #9292 to E*Trade account #1226
February 23, 2021	$100,000 wire transfer from US Bank account #9292 to Morgan Stanley account #0816
March 1, 2021	$100,000 wire transfer from US Bank account #9292 to E*Trade account #7562
March 2, 2021	$100,000 wire transfer from US Bank account #9292 to Citibank account #7483
March 4, 2021	$100,000 wire transfer from US Bank account #9292 to Morgan Stanley account #0817
March 4, 2021	$100,000 wire transfer from US Bank account #9292 to E*Trade account #2256
March 4, 2021	$100,000 wire transfer from US Bank account #9292 to E*Trade account #1960
March 4, 2021	$100,000 wire transfer from US Bank account #9292 to E*Trade account #1952
March 8, 2021	$100,000 wire transfer from US Bank account #9292 to E*Trade account #6025

March 8, 2021	$50,000 wire transfer from US Bank account #9292 to Webull Financial account #8010
March 16, 2021	$140,000 wire transfer from E*Trade account #1226 to E*Trade account #1941
April 5, 2021	$15,000 wire transfer from US Bank account #4531 to Tastyworks account #2616

Transactions in Cryptocurrency Purchased with Proceeds

31. In or between January 1, 2021 through May 31, 2021, **ELDABBAGH** converted at least $288,000 of proceeds from the wire fraud scheme from fiat currency into multiple cryptocurrencies using multiple cryptocurrency exchanges. **ELDABBAGH** proceeded to transfer cryptocurrency between multiple wallets and to conduct speculative trading activity involving numerous cryptocurrencies on multiple exchanges to both conceal the source, ownership, and control of the cryptocurrency and speculate on market fluctuations in the price of cryptocurrencies.

32. In or between January 1, 2021 through May 31, 2021, **ELDABBAGH** used Primetrust to convert $185,550.49 of fraud proceeds into cryptocurrency on Binance's cryptocurrency platform. **ELDABBAGH** used the fraud proceeds to conduct over 7,450 transactions involving at least 26 different cryptocurrencies.

33. In or between January 1, 2021 through May 31, 2021, **ELDABBAGH** converted $92,367.82 of fraud proceeds into cryptocurrency using Crypto.com. **ELDABBAGH** used the fraud proceeds to conduct over 2,000 transactions involving at least 43 different cryptocurrencies. In addition to speculative trading activity, fraud proceeds were used to complete approximately $68,000 of purchases using a linked debit card including but not limited

to rent, hotels, dog boarding, attorney fees, food, ride shares, electronics, and other personal expenses.

34. In or between March 1, 2021 through May 31, 2021, **ELDABBAGH** converted $ 10,779.00 of fraud proceeds into cryptocurrency using BlockFi. **ELDABBAGH** used the fraud proceeds to conduct approximately 30 transactions involving at least 5 different cryptocurrencies.

Use of Identifying Information

35. On or about the dates listed below, in the District of Columbia, the defendant, **ELIAS ELDABBAGH,** did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit, 18 U.S.C. § 1343, knowing that the means of identification belonged to another actual person, each such transfer, possession, and use being a separate count of this Indictment:

DATE	MEANS OF IDENTIFICATION
January 27, 2021	Name of C.S.
January 28, 2021	Name of C.S.
January 28, 2021	Name of C.C.
January 28, 2021	Name of D.M.
January 28, 2021	Name of R.S.
February 5, 2021	Name of C.S.
February 5, 2021	Name of C.C.
February 5, 2021	Name of D.M.
February 5, 2021	Name of R.S.
February 8, 2021	Name of C.S.
February 8, 2021	Name of C.C.

February 8, 2021	Name of D.M.
February 8, 2021	Name of R.S.
February 12, 2021	Name of C.S.

Destruction or Removal of Property to Prevent Seizure

36. On or about May 25, 2021, and shortly thereafter, Special Agents of IRS Criminal Investigation executed a search warrant at **ELDABBAGH**'s residence and executed several seizure warrants on, among other things, **ELDABBAGH**'s bank accounts and investment accounts, including his E*Trade and Webull accounts. At or about that time, the Special Agents provided **ELDABBAGH** a copy of those seizure warrants.

37. Thereafter, among other things, **ELDABBAGH** contacted E*Trade dozens of times in an attempt to transfer funds and to add a purported second owner to the E*Trade accounts, all in order to transfer the funds seized by the special agents. **ELDABBAGH** further initiated and caused a transfer on or about May 27, 2021 of securities from the seized Webull account to a financial account that was not seized by the Special Agents. **ELDABBAGH** further initiated purchases on his Morgan Stanley debit cards, on or about May 26, 2021, knowing those purchases would be drawn on his seized Morgan Stanley accounts.

38. From in or about May 2021 through in or about July 2021, including on or about May 27, 2021, in the District of Columbia, **ELDABBAGH,** after the seizure of funds, equities, and financial instruments from accounts in the name of **ELDABBAGH** by Special Agents of IRS Criminal Investigation, who were authorized to make such seizures pursuant to seizure warrants issued by a Magistrate Judge in the District of Columbia, did knowingly attempt to transfer and obtain such seized funds, equities and financial instruments for the purpose of preventing and impairing the Government's lawful authority to continue holding said property

under its lawful custody and control, in violation of Title 18, United States Code, Section 2232(a).

MATTHEW M. GRAVES
UNITED STATES ATTORNEY
D.C. BAR NO. 481052

By: Leslie A. Goemaat
LESLIE A. GOEMAAT
MA Bar No. 676695
Assistant United States Attorney
Fraud Section
U.S. Attorney's Office
555 4th Street, N.W., Room 5840
Washington, D.C. 20530
Office: 202-803-1608
Leslie.Goemaat@usdoj.gov

Defendant's Acceptance

I have read this Statement of Offense and carefully reviewed every part of it with my attorney. I am fully satisfied with the legal services provided by my attorney in connection with this Statement of Offense and all matters relating to it. I fully understand this Statement of Offense and voluntarily agree to it. No threats have been made to me, nor am I under the influence of anything that could impede my ability to understand this Statement of Offense fully.

3/22/22
Date

ELIAS ELDABBAGH
Defendant

Defense Counsel's Acknowledgment

I am Defendant ELIAS ELDABBAGH's attorney. I have reviewed every part of this Statement of Offense with him. It accurately and completely sets forth the Statement of Offense agreed to by the defendant and the Office of the United States Attorney for the District of Columbia.

3/24/22
Date

Eugene Gorokhov
Attorney for Defendant