UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No. 24 CR 424-1
v.	)	
	)	Judge Jeremy C. Daniel
FRANCESCO DISTEFANO	)	

GOVERNMENT'S SENTENCING MEMORANDUM

The United States of America, by its attorney, ANDREW S. BOUTROS, United States Attorney for the Northern District of Illinois, respectfully submits this memorandum in advance of the sentencing of defendant FRANCESCO DISTEFANO. The government respectfully requests that this Court impose a sentence of 108 months' incarceration followed by three years of supervised release.

I. PROCEDURAL BACKGROUND

On December 10, 2024, a grand jury returned its second superseding indictment charging defendant FRANCESCO DISTEFANO with wire fraud, in violation of Title 18, United States Code, Section 1343 (Counts 1-11); making a false statement to a financial institution in violation of Title 18, United States Code, Section 1014 (Count 12); and money laundering, in violation of Title 18, United States Code, Section 1957(a) (Counts 13-17).

On June 25, 2025, pursuant to a written plea agreement with the government, DISTEFANO pled guilty to Count One of the second superseding indictment.

A sentencing hearing has been scheduled for March 10, 2026, at 11:00 a.m.

II. Offense Conduct

The Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program provided economic relief to businesses experiencing a loss of revenue as a result of the COVID-19 pandemic. Plea Agreement, ¶ 5.[1] DISTEFANO was familiar with these programs and knew that, in order to obtain a PPP loan, a business was required to provide information about, among other things, the number of individuals it employed and its average monthly payroll and, in order to obtain a loan as part of the EIDL program, a business applicant was required to provide truthful information about the number of employees as well as the business' gross revenues and cost of goods sold, among other things. DISTEFANO also knew that the information in the PPP and EIDL applications about the business' employees, payroll, and revenues was material to the approval and funding of these loans. *Id*.

Beginning in March 2020, and continuing through February 2021, in the Northern District of Illinois, Eastern Division, and elsewhere, DISTEFANO, together with co-defendant Sargis Urumieh, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money and property, in connection with applications for loans and advances under the PPP and the EIDL program on behalf of businesses which Urumieh owned and controlled, namely, West Cost POS, Inc. (West Coast) and National POS Inc. (National). Plea Agreement, ¶ 5. These applications contained materially false statements and misrepresentations

[1] Dkt. 82.

concerning, among other things, the purported entities' number of employees, gross revenues, and payroll. And, on or about March 31, 2020, DISTEFANO, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, and signals, namely, an internet transmission of an EIDL application on behalf of West Coast to the U.S. Small Business Administration (SBA). *Id*.

The West Coast EIDL and EIDL Advance

Following the onset of the pandemic, DISTEFANO and Urumieh discussed obtaining an EIDL on behalf of Urumieh's company, West Coast. Plea Agreement, ¶ 5. Following that discussion, on or about March 31, 2020, DISTEFANO prepared and filed an EIDL application on behalf of West Coast through the SBA online portal with Urumieh's knowledge and consent. DISTEFANO acknowledges that the transmission of this application over the Internet involved an interstate wire communication. *Id*.

In completing this application, DISTEFANO falsely represented that West Coast had 12 employees as of January 31, 2020, gross revenues of $5,000,000, and cost of goods sold of $4,500,000, even though DISTEFANO knew that West Coast did not have that many employees or that amount of cost of goods sold. *Id*. As a result of these false representations, on May 22, 2020, the SBA disbursed EIDL funds of $149,900 into an account J.P. Morgan Chase Bank, in the name of West Coast, for which Urumieh was the sole signatory ("Account 6250"). *Id*. The SBA also disbursed a $10,000 advance grant into Account 6250 on or about April 20, 2020, based upon DISTEFANO's request. *Id*.

The West Coast PPP Loan and Second Round Application

On approximately July 17, 2020, DISTEFANO prepared and provided to Urumieh, and Urumieh thereafter signed and submitted to Arkansas Capital Corporation (Arkansas Capital), an application for a PPP loan for West Coast in the amount of $1,090,890. Plea Agreement, ¶ 5. Arkansas Capital was a community development finance company that originated PPP loans in partnership Encore Bank. *Id*. In connection with the loan application, DISTEFANO and Urumieh falsely represented that West Coast had 67 employees (after reporting 14 employees on the initial application form) and an average monthly payroll of $436,356, even though West Coast did not have that number of employees or an average payroll in that amount. *Id*.

In support of the application, DISTEFANO also created and provided to Urumieh, and Urumieh electronically submitted to Arkansas Capital, a fictitious ADP "Payroll Run Summary Report" and a fictitious IRS Form 940. *Id*. Based upon the false statements, on July 22, 2020, Arkansas Capital and Encore Bank funded a PPP loan in the amount of $1,090,890, into an account at Encore Bank in the name of West Coast, that was opened to receive the PPP proceeds. *Id*.

On approximately July 23, 2020, DISTEFANO opened a payroll account in the name of West Coast at ADP, with himself as the account administrator, for the purpose of removing PPP proceeds from West Coast's account at Encore Bank and making it appear that these proceeds were being used for payroll. *Id*. Between July of 2020 and December of 2020, approximately $783,012 of the West Coast PPP proceeds were transferred from the West Coast account at Encore Bank to the payroll account at ADP held for the benefit of West Coast. *Id*. Between July of 2020 and December of 2020, DISTEFANO told ADP to transfer funds it held for West Coast to approximately eight "employee" payees including himself, Urumieh, and three of Urumieh's family members. *Id*. Specifically, ADP paid $84,600 as "wages" to Urumieh and approximately $169,769 as "wages" to three of Urumieh's family members. *Id*. ADP also paid DISTEFANO $389,539, which Distefano identified to ADP as non-wage payments. *Id*.

On February 5, 2021, DISTEFANO electronically submitted a second round PPP application to Arkansas Capital on behalf of West Coast in which he fraudulently sought to obtain an additional $1,380,655. *Id*. In support of this application, DISTEFANO falsely represented that West Coast had 14 employees and monthly payroll of approximately $552,262, knowing that West Coast neither had that many employees or amount of payroll. *Id*. The loan was not funded. *Id*.

The National PPP Loan and Second Round Application

Between approximately July 25, 2020, and July 28, 2020, DISTEFANO prepared and provided to Urumieh, and Urumieh then submitted to Arkansas Capital, an application for a PPP loan in the amount of $1,722,645.50 on behalf of National. Plea Agreement, ¶ 5. In the loan application, DISTEFANO and Urumieh falsely represented that that National had 123 employees and an average monthly payroll of $689,058.20, even though, in reality, National was not an operating business and had no employees. *Id*.

In support of the application, DISTEFANO assisted Urumieh in creating and sending fabricated documents to the lender in support of the loan. *Id*. These documents included a fictitious ADP "Payroll Run Summary Report" and a fictitious IRS Form 940, both falsely reporting that National paid $8,272,696.45 in wages in 2019 that DISTEFANO created and provided to Urumieh to submit to Arkansas Capital. *Id*.

On July 28, 2020, DISTEFANO created a fictitious payroll spreadsheet that listed 122 fictitious employees, each with a reported salary of between $98,121 and $98,952. *Id*. Urumieh sent these false documents to Arkansas Capital in support of the National PPP loan application. *Id*. Based upon the false statements, on July 29, 2020, Encore Bank disbursed a PPP loan in the amount of $1,722,654 into an account at Encore Bank in the name of National that was opened to receive the PPP proceeds. *Id*.

On approximately July 28, 2020, DISTEFANO opened a payroll account in the name of National at ADP, with himself as the account administrator, in order to make it appear that National had employes and payroll. *Id*. Nevertheless, the ADP account set up by DISTEFANO identified only six employees rather than the 123 listed in the loan application. *Id*. Of these six employees, DISTEFANO identified four as W-2 wage earners, with the remaining two – DISTEFANO and his acquaintance – listed as non-employees receiving 1099 compensation. *Id*.

On February 5, 2021, DISTEFANO electronically submitted a second round PPP application to Arkansas Capital on behalf of National in which he and Urumieh fraudulently sought to obtain an additional $1,994,717. *Id.* In support of this application, DISTEFANO falsely represented that National had 53 employees and monthly payroll of approximately $797,887, knowing that National did have that number of employees or amount of monthly payroll. *Id.* This loan was not funded. *Id.*

Proceeds from the West Coast and National Loans

On July 31, 2020, DISTEFANO caused $388,821 of the National PPP loan proceeds to be transferred into his account at U.S. Bank ("Account 9624") via the National payroll account at ADP. Plea Agreement, ¶ 5. That same day, DISTEFANO caused funds to be drawn from Account 9624 to make payments to American Express totaling $188,368.73 and to purchase three cashier's checks totaling $183,205.33 to purchase or complete the purchase of a 2016 Lamborghini Huracan; 2020 Land Rover Range Rover Evoque; and 2017 Maserati Ghibli. *Id.* On or about August 6, 2020, DISTEFANO used a further approximately $95,000 in National PPP loan proceeds that Urumieh caused to be transferred directly from National's account at Encore Bank to DISTEFANO's Account 9624 to purchase a 2017 Porsche 911 Carrera. *Id.*

The total amount of funds DISTEFANO received for his personal benefit from the National PPP loan was approximately $814,780. *Id.* This amount is comprised of transfers into Account 9624 totaling approximately $719,780 from the payroll account at ADP held for the benefit of National between July 2020 and January 2021, and the $95,000 transferred directly from National's account at Encore Bank to Account 9624 on August 6, 2020. *Id.*

From July 2020 through January 2021, approximately $329,815 of the West Coast PPP loan proceeds were transferred to Account 9624 for DISTEFANO's personal benefit. *Id.*

Defendant acknowledged in his plea agreement that the actual loss attributable to the scheme is approximately $2,973,444 and that the total of actual loss and intended loss for that scheme is approximately $6,348,816. *Id.*

Urumieh's Purchase of Property in Glendale California

After obtaining funds from the EIDL and PPP first-round loan applications filed for West Coast and National, Urumieh entered into a contract to purchase a home located at 29XX E. Chevy Chase Dr. in Glendale, California (the "Glendale Property"). Plea Agreement, ¶ 5. DISTEFANO's understanding was that Urumieh used funds obtained from the West Coast and National PPP loans for the down payment to purchase the Glendale Property. *Id.* Thereafter, DISTEFANO and Urumieh caused fraudulent mortgage loan applications to be filed to enable Urumieh to complete the purchase. *Id.*

Between approximately September 9, 2020, and October 19, 2020, DISTEFANO assisted Urumieh in submitting 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. *Id.*

The Uniform Residential Loan Application that DISTEFANO submitted online to Better Mortgage on behalf of Urumieh represented that Urumieh had monthly income of $233,333. *Id*. In support of the application, DISTEFANO created 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, and caused the documents to be submitted to Better Mortgage. *Id*. Additionally, DISTEFANO and Urumieh 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." *Id*.

On or about October 19, 2020, Urumieh, 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?" *Id*. DISTEFANO responded to this email with a false narrative for Urumieh to provide to Better Mortgage. *Id*.

After Urumieh's mortgage loan application was rejected by Better Mortgage, between approximately October 30, 2020 and December 4, 2020, DISTEFANO, Urumieh, and Individual A 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 the application contained false and fraudulent representations regarding: (a) monthly income; and (b) the truthfulness and accuracy of the application and supporting documents. *Id*.

The Uniform Residential Loan Application to Planet Home falsely represented that Urumieh was employed by National and West Coast, both of Addison, Illinois, with a total monthly income of $30,833. *Id*. To corroborate false representations made in the application, DISTEFANO, Urumieh, and Individual A, created and submitted to Planet Home, a fraudulent Sales Purchase Agreement that was backdated to August 1, 2020. *Id*. More specifically, the document was built from a template Individual A and DISTEFANO received from a then-relative of DISTEFANO. *Id*. After the document was modified to reflect a fictional business sale transaction, the document was docusigned by DISTEFANO from his house in Addison, Illinois, and by Urumieh from his house in Glendale, California, on November 27, 2020. *Id*. The docusign receipt page was then altered so that it appeared that the document had been docusigned on August 1, 2020. *Id*. The document was then submitted to Planet Home and falsely recounted that West Coast was sold by Urumieh to DISTEFANO's company, Distefano Enterprises LLC, 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. *Id*.

Defendant acknowledged in his plea agreement that for the purpose of computing his sentence under the Sentencing Guidelines, the following conduct constitutes relevant conduct under Guideline § 1B1.3:

EIDL and EIDL Advance Obtained by Distefano Enterprises

Simultaneous to his scheme with Urumieh, DISTEFANO was engaged in his own scheme to obtain EIDL and PPP funds through fraudulent applications filed for his own company, Distefano Enterprises LLC. Plea Agreement, ¶ 6. On March 31, 2020, DISTEFANO applied for an EIDL on behalf of Distefano Enterprises through the SBA online portal. In this application, he falsely represented that Distefano Enterprises had 12 employees as of January 31, 2020, gross revenues of $2,500,000, and cost of goods sold of $2,120,000. At the time of the application, DISTEFANO knew that these representations were false. *Id.* As a result of these representations, on June 10, 2020, the SBA disbursed EIDL funds totaling $149,900 into DISTEFANO's Account 9624. *Id.* On June 18, 2020, the SBA disbursed a $10,000 EIDL advance grant into Account 9624. *Id.*

Distefano Enterprises PPP Loan and Second Round Application

On or around April 27, 2020, DISTEFANO submitted to U.S. Bank an application requesting a PPP loan in the amount of $237,500, on behalf of Distefano Enterprises. Plea Agreement, ¶ 6. In the initial loan application, DISTEFANO falsely stated that Distefano Enterprises had 14 employees and an average monthly payroll of $95,000. *Id.* DISTEFANO supported this loan application with a fraudulent ADP "Payroll Run Report" that he created. *Id.*

On or about May 13, 2020, DISTEFANO submitted a revised fraudulent PPP loan application to U.S. Bank, in which he falsely represented that Distefano Enterprises had 14 employees with an average monthly payroll of $79,166, once again knowing these presentations were false. *Id*. Based upon the false statements, on May 13, 2020, U.S. Bank disbursed a PPP loan in the amount of $197,915 into Account 9624. *Id*.

On October 29, 2020, DISTEFANO electronically submitted to U.S. Bank a PPP Loan Forgiveness Application Form 3508EZ on behalf of Distefano Enterprises. *Id*. In the application, he falsely reported that during the period of May 13, 2020 to October 27, 2020, the business had payroll costs of $255,478.54. *Id*. Additionally, DISTEFANO submitted, as supporting documentation, a fictitious ADP report listing 7 employees and a fictitious IRS Form 941 for the 3rd quarter of 2020. *Id*. This loan forgiveness application was not granted. *Id*.

On approximately February 5, 2021, DISTEFANO electronically submitted a second round PPP application to Arkansas Capital Corporation on behalf of Distefano Enterprises in which he fraudulently sought to obtain an additional loan in the amount of $83,921. *Id*. In support of this application, DISTEFANO falsely represented that Distefano Enterprises had 14 employees and a monthly payroll of approximately $33,568. *Id*. This loan was not funded. *Id*.

Defendant acknowledged in his plea that the actual loss attributable to the Distefano Scheme is approximately $357,815 and that the total of actual loss and intended loss for that scheme is approximately $441,736. *Id*.

Unemployment Benefits

Beginning in March 2020 and continuing into February 2021, DISTEFANO applied for and received unemployment benefits by falsely claiming that he was unemployed due to COVID-19 since March 29, 2020. Plea Agreement, ¶ 6. In fact, DISTEFANO was not unemployed and his business continued to operate. *Id*. Based upon his false statements, the Illinois Department of Employment Security electronically deposited approximately $29,581.50 in unemployment benefits into Account 9624. *Id*.

Beginning in approximately August of 2020 and continuing into September of 2021, DISTEFANO applied for and received unemployment benefits in the name of his father, claiming that his father was a self-employed driver/sales worker who became unemployed due to COVID-19. *Id*. In reality, DISTEFANO's father was retired. *Id*. Based upon DISTEFANO's false statements, the Illinois Department of Employment Security disbursed $8,059.50 in unemployment benefits on account of the claim, and DISTEFANO received the funds. *Id*.

Defendant's Fraudulent Petition Filed with FBI

On February 17, 2021, four motor vehicles and $677,932.25 on deposit in Account 9624 were seized pursuant to seizure warrants. Plea Agreement, ¶ 6. On April 28, 2021, a Notice of Seizure of Property and Initiation of Administrative Forfeiture Proceedings was issued and served on defendant. *Id*.

On May 3, 2022, defendant filed his Petition for Remission/Mitigation seeking the return of the $677,932.25 seized from Account 9624. *Id*. In this application, defendant represented that the funds transferred to him by West Coast and National were "for actual work done." *Id*. Defendant falsely represented in the application that he "was a bona fide purchaser or seller of the forfeited property for value, AND [he] did not know and was without cause to believe that the property was subject to forfeiture at the time [he] acquired [his] interest in the property." *Id*. In support of his petition, defendant submitted four counterfeit invoices, purporting to bill four different customers a total of $1,010,000 care of Urumieh and West Coast. *Id*. These invoices did not evidence real obligations, and were submitted to deceive the government as to why defendant had received funds from the West Coast and National loans. *Id*. The Petition for Remission/Mitigation was electronically signed by defendant under penalty of perjury. *Id*.

III. CORRECTIONS/OBJECTIONS TO THE PRESENTENCE REPORT

The government has the following correction and objections to the Presentence Report.

- The total loss amount for Guidelines' purposes should be approximately $6,828,184. The government and Probation Office have reviewed the inputs, and it appears that one input was slightly off in arriving at the $6,828,193 referenced in Paragraph 38 of the PSR.

- The government respectfully disagrees with the Probation Office about the applicability of a leader/organizer enhancement, for the reasons explained below.

- The government agrees the proposed Special Condition 14 is warranted, but believes it should be more narrowly drawn, for reasons explained below.

IV. Guidelines Calculations

The Sentencing Guidelines to be considered in this case are those in effect at the time of sentencing, the November 2025 Guidelines Manual.

A. Criminal History Category

The government and the Probation Office agree that defendant is a criminal history category I. PSR at ¶ 53.

B. Offense Level Calculation

i. The government and the Probation Office agree that that the base offense level is 7, pursuant to Guideline § 2B1.1(a)(1). PSR ¶ 37.

ii. The government and the Probation Office agree that the offense level is increased by 18 levels because the loss of approximately $6,828,184[2]

[2] The inputs for this total are as follows:

Distefano Enterprises EIDL	$159,900
Distefano Enterprises PPP	$197,915
Distefano Enterprises 2nd Round PPP	$83,920
West Coast EIDL	$159,900
West Coast PPP	$1,090,890
West Coast 2nd Round PPP	$1,380,655
National PPP	$1,722,646
National 2nd Round PPP	$1,994,717
IDES benefits payable to defendant	$29,581.50
IDES benefits payable to defendant's father	$8,059.50
TOTAL	**$6,828,184**

attributable to the offense of conviction and relevant conduct is between $3,500,000 and $9,500,000, pursuant to Guideline § 2B1.1(b)(1)(J) and Application Note 3(D)(ii). PSR ¶ 38.

iii. The government and the Probation Office agree that the offense level is increased by 2 levels because the offense involved obtaining more than $1,000,000 in gross receipts from one or more financial institutions, pursuant to Guideline § 2B1.1(b)(17)(A). PSR ¶ 39.

iv. The government respectfully disagrees with the Probation Office that the offense is increased by 2 levels because defendant was an organizer of the offense, pursuant to Guideline § 3B1.1(c). Application Note 4 to Guideline § 3B1.1(c) instructs that factors to consider include: "the exercise of decision-making authority, the nature of participation in the commission of the offense, the recruitment of accomplices, the claimed right to a larger share of the fruits of the crime, the degree of participation in planning or organizing the offense, the nature and scope of the illegal activity, and the degree of control and authority exercised over others."

Among the participants of this scheme (defendant, codefendant Sargis Urumieh, and Individual A[3]), defendant did not *per se* exercise control over others. He made many tactical decisions in executing the scheme, but he did not alone (openly) make larger decisions such as what loans would be applied for or what his share of the proceeds would be. Defendant was *supposed* to be working for Urumieh

[3] Individual A's direct involvement in the scheme primarily involved the second home mortgage application for co-defendant Sargis Urumieh.

to fraudulently obtain the loans *for Urumieh*. Their agreed arrangement was that defendant would be compensated with a particular high end motor vehicle for his efforts. PSR ¶ 23. Defendant took a portion of the loan proceeds, but he achieved this by deceiving Urumieh into believing that the funds were needed for taxes. *Id*. Urumieh (directly and through his designees) received the majority of the funds obtained through the scheme. Considering the totality of the circumstances, the government does not believe that an enhancement under Guideline § 3B1.1(c) is warranted.

v. The government and the Probation Office agree that the offense level is increased by 2 levels because the defendant willfully attempted to impede and obstruct the investigation by filing his fraudulent Petition for Remission/Mitigation with the FBI, pursuant to Guideline § 3C1.1. PSR ¶ 42.

ii. **Acceptance of Responsibility**

The government agrees with the Probation Office that that a two-level offense reduction is not applicable under Guideline § 3E1.1(a). PSR ¶ 45. The government's position is based exclusively on defendant's continued criminal conduct while on pretrial release, however, and not on defendant's pre-indictment obstruction. Defendant obstructed brazenly during the investigation. However, after he was indicted, defendant requested to meet with the government and truthfully admitted his conduct in this case. The contrast with his pre-indictment behavior was exceptional. A plea agreement was reached between the government and defendant that provided that defendant would be available to cooperate and testify in the case against his codefendant, Sargis Urumieh. However, after defendant was granted pretrial release, he brazenly violated the conditions of release and engaged in further fraudulent conduct by creating All in 1 Swipe LLC with a nominee owner, and he used the business to sign up an as-of-yet undetermined number of business clients for payment processing services *without their knowledge or consent*. PSR ¶ 57; Supp GV at 1; GX 4 (reports of interview with four "customers" who are unaware of All In One Swype).[4] Additionally, defendant tendered a fraudulent check to Molly Maids cleaning service.[5] *See* GV at 18-20; GX 2-A; GX 2-B.

The Guidelines advise that appropriate considerations in determining the applicability of § 3E1.1(a) include, but are not limited to, "voluntary termination or withdrawal from criminal conduct. . . ." Application Note 1(B). Consistent with the Application Note, courts have denied defendants the reduction under § 3E1.1(a) for continuing criminality. *See United States v. McDonald*, 22 F.3d 139, 141 (7th Cir. 1994) (collecting cases). Here, defendant continued engaging in fraudulent conduct

[4] Citations to the Government's Version of the Offense are "GV," Government's Supplemental Version of the Offense are "Supp. GV," and Defendant's Version of the Offense are "DV," each followed by a page number. Citations to exhibits to the Government's Versions of the Offense are "GX" followed by the exhibit number and page, if applicable.

[5] The government was alerted to the existence of a potential issue with Molly Maids through a violation report prior to defendant's change of plea. The government initially understood that the check involved an acquaintance of defendant who had been living in his house, and that defendant was more or less in the wrong place at the wrong time. The reality of what in fact occurred – a fraudulent check was created using account information of Victim PB, whose identity was previously fraudulently used to sign her business up for service with defendant's Big Star Payments company – was not known to the government until after defendant's pretrial release was revoked and further witnesses were interviewed and records obtained. *See* GV 18-20.

within a few weeks of obtaining pretrial release. Defendant's actions were entirely inconsistent with acceptance, and the reduction should not apply.

D. Advisory Guidelines Range

The government calculates defendant's total offense level to be 29. With a criminal history category I, defendant's guideline range is 87 to 108 months' imprisonment.

V. Application of Statutory Sentencing Factors

The Court must impose a sentence that is "sufficient, but not greater than necessary" to achieve the purposes of sentencing. 18 U.S.C. § 3553(a). In doing so, the Court must consider the statutory factors outlined in 18 U.S.C. § 3553(a)(1)-(7), including:

> (1) the nature and circumstances of the offense and the history and characteristics of the defendant; (2) the need for the sentence imposed—(A) to reflect the seriousness of the offense, to promote respect for the law, and to provide just punishment for the offense; (B) to afford adequate deterrence to criminal conduct; (C) to protect the public from further crimes of the defendant; and (D) to provide the defendant with needed educational or vocational training, medical care, or other correctional treatment in the most effective manner; [and] (3) the kinds of sentences available.

Id. § 3553(a)(1)-(3). The Court must also respect "the need to avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct," as well as "the need to provide restitution to any victim of the offense." *Id.* § 3553(a)(6)-(7). Finally, the Court must consider the Guideline range and any pertinent policy statements issued by the United States Sentencing Commission. *Id.* § 3553(a)(4)-(5). Although the Sentencing Guidelines are only advisory, "[a]s a matter of administration and to secure nationwide consistency, [they] should be the starting point and the initial benchmark." *Gall v. United States*, 552 U.S. 38, 49 (2007).

This Court should give serious consideration to the advisory Guidelines range, for several reasons. First, the Guidelines minimize unwarranted sentencing disparities and "remain an essential tool in creating a fair and uniform sentencing regime across the country." *United States v. Mykytiuk*, 415 F.3d 606, 608 (7th Cir. 2005); *see also Booker v. United States*, 543 U.S. 220, 250, 253 (2005) (noting that "Congress' basic goal in passing the Sentencing Act was to move the sentencing system in the direction of increased uniformity" and "diminish[ing] sentencing disparity"). Second, the Guidelines are "the product of careful study based on extensive empirical evidence derived from the review of thousands of individual sentencing decisions," *Gall*, 552 U.S. at 42, and the U.S. Sentencing Commission is "a respected public body with access to the best knowledge and practices of penology." *United States v. Wachowiak*, 496 F.3d 744, 753 (7th Cir. 2007) (quoting *United States v. Goldberg*, 491 F.3d 668, 673 (7th Cir. 2007)). Therefore, "its judgments should not lightly be disregarded." *Id.* Finally, the U.S. Sentencing Commission is charged by statute to review and revise the Guidelines as it collects sentencing data from throughout the federal court system, *see* 28 U.S.C. § 994(o), making the Guidelines the product of continuous evolution and improvement. *See Rita v. United States*, 551 U.S. 338, 358 (2007).

In this case, a sentence of 108 months' incarceration, which falls at the high end of the advisory Guidelines' range, is sufficient but not greater than necessary to satisfy the goals of Section 3553(a). Even if the Court were to determine a lower Guidelines range, the government believes that a sentence of 108 months' incarceration is appropriate under the Section 3553(a) factors.

A. The Nature and Circumstances of the Offense

The offense was serious. As the nation was struggling with the COVID pandemic the defendant was scheming to defraud the PPP, EIDL, and unemployment programs. Defendant successfully obtained $3,368,892 and nearly obtained a further $3,459,292. The offense occurred over an 11-month period. It was not the result of a momentary lack in judgment, but a continuing series of decisions, motivated by greed, that defendant made to fraudulently obtain ever more money.

B. History and Characteristics of the Defendant

Defendant is 29 years-old and a lifetime resident of the Chicagoland area. PSR ¶¶ 62, 73. Defendant grew up in a household with both parents and enjoys a good relationship with them. *Id.* ¶¶ 62-63. Defendant reports that he was bullied as a child due to his placement in advanced classes at school. *Id.* ¶ 64. Defendant graduated high school in 2014, and went on to complete one year of college. *Id.* ¶ 105. While in high-school, defendant started Distefano Enterprises LLC, a company that provided payment processing services to merchants. *Id.* ¶ 65.

Defendant is generally healthy. PSR ¶¶ 77-79. Defendant has several mental health diagnoses for which he has been provided medication. *Id.* ¶¶ 81-84, 86. Defendant is presently on the waitlist at MCC to participate in cognitive skills, anger management, and criminal thinking programs. *Id.* ¶ 86.

Defendant was 24 years-old when he committed the criminal conduct in this case. The known fraudulent conduct that defendant has engaged in *since* the offense conduct began includes:

- committing mortgage fraud in the purchase of defendant's own home (*see* PSR ¶ 55; GV at 17-18);
- continued receipt of fraudulently obtained unemployment benefits in defendant's father's name after defendant was interviewed by the FBI concerning PPP fraud (*see* PSR ¶ 28);
- submission of false records to the FBI in an attempt to recover $677,932.25 in scheme proceeds that had been seized from defendant's bank account (*see* PSR ¶ 32);
- filing four fraudulent lien releases with the DuPage County Recorder to release liens places on defendant's home after he failed to pay for windows, HVAC, floor refinishing, and roofing services performed by contractors on his home (*see* PSR ¶ 55; GV at 17-18; GX 1-A; GX 1-B); and

- operating Big Star Payments through a nominee owner and signing "customers" up for services without their knowledge or consent (*see* PSR ¶ 57; GV at 20; GX 2-B).

Defendant was initially detained in this case on September 11, 2024. After approximately 225 days of detention, defendant was granted pretrial release on April 24, 2025. Upon posting bond, defendant engaged in further fraudulent conduct:

- on May 12, 2025, defendant opened All in 1 Swipe LLC through a nominee, and proceeded to use "customer's" identities to sign them up for service without their knowledge or consent (*see* GV at 20-21); and
- on or about May 13, 2025, defendant provided a fraudulent check to Molly Maids cleaning service and later lied to the Glendale Heights Police Department about the fraudulent nature of the check, insisting that it was not honored because he had stopped payment, when, in fact, it was not honored because it was a fraudulent check.[6] *See* GV at 18-20; GX 2-A; GX 2-B.

Defendant has one prior conviction. In December 2023, defendant was convicted of Nonconsensual Dissemination of Sexual Images, commonly referred to as "revenge porn," in Cook County Circuit Court. The conduct underlying that

[6] On September 10, 2025, defendant was charged in DuPage County Circuit Court with a misdemeanor forgery offense in *People of the State of Illinois v. Francesco Distefano*, No. 2025CM001892. The case was *nolle pross'd* on October 22, 2025. The government understands from the ASA assigned to the case that the disposition was due to the pending federal case, and not the merits.

conviction occurred on or about January 12, 2022, and involved defendant disseminating private sexual images of the victim to her father, as well as the posting of such images to Facebook, Instagram, and various pornographic websites. PSR ¶ 52. One disseminated image was a video of a sexual encounter filmed in Las Vegas, Nevada, wherein the victim appeared to not be alert during the filmed encounter. *Id*. Defendant contends that the victim was trying to "extort" him, and that it was "stupid" of him to distribute the images. *Id*. It is noted that defendant has been accused of similar conduct by other women, including his former wife (PSR ¶¶ 68, 97), and Victim KM, who filed a series of police reports against defendant in April 2020, alleging that, following their breakup and her rejection of his sexual advances, defendant disseminated nude images of her (that she had never consented to the creation of) without consent, slashed the tires on her vehicle, called her incessantly including from spoofed numbers that appeared to be known contacts to her, and circled her apartment in his vehicle repeatedly after the police told defendant to stop contacting her. Supp. GV at 2-3; GX 7 (compilation of police and interview reports). Defendant accused Victim KM of using his credit card for unauthorized charges, *see* Exhibit 7 at 8, however, defendant has fabricated evidence to falsely accuse Victim KM of being under grand jury investigation (c*ompare* GX 3-D *with* GX 3-E), so his accusations against her are suspect.

Defendant has a history of perpetrating outrageous deceptions. In a recent example, while defendant was on pretrial release, he falsely portrayed himself to Victim NN as an informant and special agent working with the FBI with access to criminal investigatory files. Defendant provided Victim NN with fabricated and fraudulent investigatory files to convince Victim NN that her former partner (with whom she shares a child) was about to be indicted. *See* Supp. GV at 3; GX 3-C at 1; GX 3-D; GX 3-E. This was apparently motivated by defendant's desire to date Victim NN, and his desire that she stay away from her former partner with whom she shares a child. In another example, in August 2023, defendant distributed to former business acquaintances a fraudulent letter purported to be from the United States Attorney for the District of Columbia. *See* GX 8. The fraudulent letter falsely represented that the investigation into defendant's PPP fraud (which was publicly known due to news articles covering the seizure of defendant's cars and bank accounts) had been closed and that the United States was paying $15,000,000 to defendant for its "wrongdoing." *Id*.

Defendant has not been cited for misconduct while housed at the Metropolitan Correctional Center. However, on December 6, 2025, defendant utilized another inmate's calling account and called Victim NN approximately 19 times on December 6, 2025. *See* Supp. GV at 2; GX 5; GX 6. This behavior constitutes phone abuse in violation of MCC rules. And it is the continuation of a pattern of defendant incessantly calling women who do not wish to communicate with him. *See* GX 5; GX 7 at 29.

C. The Seriousness of the Offense, and the Need to Promote Respect for the Law, Provide Just Punishment, Afford Adequate Deterrence, and Protect the Public

Defrauding federal relief programs for millions of dollars during a global pandemic is a serious offense. The sentence to be imposed must deter defendant and others from committing fraud, protect the public, and promote respect for the rule of law.

Defendant's offense was serious because of the large sums involved and the fact that the offense was committed while the nation was experiencing a national emergency. Defendant took millions from programs designed for struggling businesses to avoid layoffs and used the funds for ostentatious purchases including a Lamborghini and a Porsche. His conduct undermines the public's confidence in the administration of federal relief programs.

Defendant has shown by his actions that there is a strong need for specific deterrence in this case. Defendant knew that he was under investigation for PPP fraud since February 2021, and, instead of being chastened and changing his conduct, he plowed forward and committed further frauds. Even after defendant spent 225 days in pretrial detention, he quickly returned to fraud upon being granted pretrial release. Defendant has demonstrated a lack of respect for this Court's order setting conditions of release and a continuing lack of respect for the law. Defendant has shown that a substantial custodial sentence is necessary to deter him from committing further crimes.

A substantial sentence is also necessary to protect the public. While defendant may not have the opportunity to defraud the PPP and EIDL programs again, he has shown that he will continue to engage in other frauds if he is not incapacitated. An example is the case of Victim PB. On September 4, 2024, one week before defendant was arrested in connection with this case, defendant's Big Star Payments (which he had opened using the name of his then-girlfriend) fraudulently impersonated Victim PB and signed her up for payment processing services. *See* GV at 19-20. After defendant was granted pretrial release and *was on home incarceration*, defendant returned to victimizing Victim PB by using a fraudulent check that contained her business's account information and presenting it to Molly Maids. *Id*. Defendant's behavior demonstrates that he is not presently willing to refrain from engaging in fraud, and custodial incapacitation is the only measure that will reasonably assure the safety of the public from defendant's unceasing fraud schemes.

A substantial custodial sentence is also necessary to generally deter others who may be inclined to defraud government programs. The need for general deterrence is particularly strong for economic crimes, which are often premeditated, lucrative, and difficult for law enforcement to detect. *See United States v. Heffernan*, 43 F.3d 1144, 1149 (7th Cir. 1994) ("Considerations of (general) deterrence argue for punishing more heavily those offenses that either are lucrative or are difficult to detect and punish, since both attributes go to increase the expected benefits of a crime and hence the punishment required to deter it.") "Because economic and fraud-based crimes are more rational, cool, and calculated than sudden crimes of passion or opportunity, these crimes are prime candidates for general deterrence." *United States v. Brown*, 880 F.3d 399, 405 (7th Cir. 2019) (quotation omitted).

Defendant was young when he committed the offense conduct. However, the mitigative inference of this fact is substantially tempered by defendant's behavior in the five years since the offense conduct. Specific deterrence, promotion of respect for the law, and protection of the public are considerations that require a substantial custodial sentence in defendant's case. The government submits that a sentence of 108 months' incarceration is sufficient but not greater than necessary to achieve the purposes of sentencing set forth in 18 U.S.C. § 3553(a).

VI. FINE AND RESTITUTION

In light of defendant's present circumstances and the Guidelines' range, the government's position is that a fine is not appropriate in this case.

Pursuant to 18 U.S.C. § 3663A, the Court must order defendant, together with any jointly liable co-defendants, to make full restitution to the victims in an amount to be determined by the Court at sentencing. The government has submitted its Victim Import Spreadsheet requesting defendant be ordered to pay $2,973,436.42 in restitution for the offense conduct.

Additionally, as part of his plea agreement with the government, the defendant agreed to pay further restitution of $395,456 pursuant to 18 U.S.C. §§ 3663(a)(3) and 3664, for losses caused by defendant's relevant conduct. Plea Agreement, ¶ 15. These amounts are also included in the Victim Import

Spreadsheet.

VI. SUPERVISED RELEASE

The government requests that defendant's sentence include a period of three years' supervised release. With the exception of Special Condition 14, which the government supports in a modified form, the government supports the Probation Office's recommended conditions for the reasons set forth below.

The PSR recommends the following mandatory conditions, as numbered in the PSR:

(1) not commit another Federal, State, or local crime;

(2) make restitution in accordance with 18 U.S.C. §§ 3663 and 3663A, or any other statute authorizing a sentence of restitution

(3) not unlawfully possess a controlled substance;

(6) cooperate in the collection of a DNA sample if required by law; and

(7) refrain from any unlawful use of a controlled substance AND submit to one drug test within 15 days of release on supervised release and at least two periodic tests thereafter, up to 104 periodic tests for use of a controlled substance during each year of supervised release.

The government agrees with the imposition of these mandatory conditions, and given that these conditions are mandated by statute, the Court need not give any reason or explanation for the imposition of these mandatory conditions. *United States v. Bryant*, 754 F.3d 443, 445 (7th Cir. 2014).

In addition to the mandatory conditions, the Court has discretion to impose additional conditions of supervised release or probation (1) that are "reasonably related" to the factors set forth in 18 U.S.C. §§ 3553(a)(1), (a)(2)(B), (a)(2)(C), and (a)(2)(D); (2) that "involve[] no greater deprivation of liberty than is reasonably necessary" to meet the goals of 18 U.S.C. §§ 3553(a)(2)(B), (a)(2)(C), and (a)(2)(D); and (3) that are "consistent with any pertinent policy statements issued by the Sentencing Commission." 18 U.S.C. § 3583(d); *United States v. Shannon*, 743 F.3d 496, 500 (7th Cir. 2014). Section 3583(d) points to the discretionary conditions set forth in § 3563(b).

Discretionary Conditions 4, 6, 7, 8, 9 and 24, as numbered in the PSR, support defendant's rehabilitation and reintegration into the community and would ensure that he is engaged in lawful pursuits instead of criminal activity. Specifically, Discretionary Condition 4, requiring defendant to work conscientiously at obtaining employment will discourage him from returning to a life of crime and provide him necessary financial resources. Discretionary Condition 6 prohibits defendant from knowingly meeting or communicating with any person that he knows to be planning or engaging in criminal activity, and also prohibits defendant from contacting the individuals that participated in the offense conduct. Discretionary Condition 7, which prohibits defendant from excessive use of alcohol (defined as a BAC above .08%) and from any use of narcotics or controlled substances without a prescription, will assist with defendant's efforts to address anger and other mental health issues. Discretionary Condition 9 provides support for defendant's mental health diagnosis by providing for mental health treatment.

Discretionary Conditions 14 through 18, as numbered in the PSR, facilitate effective and efficient supervision of defendant by the Probation Office, and without these conditions, the Probation Office would be severely hampered in assisting defendant to succeed. For example, requiring defendant to remain within the district (Discretionary Condition 14) and report to his probation officer within 72 hours of release from imprisonment (Discretionary Condition 15) will assist the probation officer in supervising defendant effectively and efficiently. Discretionary Condition 16 allows the probation officer to visit defendant's home, work, school, a community service location or other reasonable location at any reasonable time to ensure defendant's compliance with his release conditions. Moreover, requiring defendant notify a probation officer within 72 hours of any change in residence, employer, or workplace (Discretionary Condition 17) or any arrest, criminal charge, or law enforcement questioning (Discretionary Condition 18) allow for necessary probation officer supervision and support of defendant.

Pursuant to 18 U.S.C. § 3563(b)(22), which allows for "other conditions as the court may impose," the Probation Office recommended nine additional special conditions, all of which the government agrees are appropriate here. First, the Probation Office recommends that defendant, if unemployed after the first 60 days of supervision or if unemployed for 60 days after employment ends, must perform at least 20 community service hours each week at the direction of Probation until gainfully employed, with the total community service hours not to exceed 300 hours (Special Condition 3). This condition supports defendant's reintegration to lawful society should he be unable to obtain employment despite the training and support provided through supervised release. Second, the Probation Office recommends that defendant be prohibited from incurring new credit charges or opening new lines of credit without approval of a probation officer unless defendant is in compliance with the financial obligations of his sentence (Special Condition 5). Given that defendant will owe substantial restitution, Special Condition 5 as well as Special Condition 6 (requiring defendant to provide financial information to probation officer to monito compliance with conditions of supervised release), Special Condition 7 (requiring defendant to notify probation officer of significant change in economic circumstance), Special Condition 8 (requiring defendant to file accurate income tax returns and pay all taxes, interest, and penalties required by law), and Special Condition 10 (requiring defendant to repay any financial condition that remains owing at the commencement of supervised release at a rate of not less than 10% of after-tax income) are all warranted.

The Probation Office recommends in Special Condition 15 that all of defendant's current and future employment be subject to Court approval to mitigate third party risk. This condition is reasonably necessary to protect the public from further crimes of defendant in light of defendant's activities with Big Star Payments and All in One Swipe.

The Probation Office recommends that defendant "not enter into any agreement to act as an informer or special agent of a law enforcement agency without the permission of the court." (Special Condition 11). As the Seventh Circuit has noted, a defendant acting as a confidential informant on supervised release is "generally inconsistent" with the rehabilitative and reintegration efforts of the Sentencing Guidelines because it keeps a defendant in the underground world of criminality at a time when that person is trying to change his/her life. *See United States v. Kappes*, 782 F.3d 828, 851 (7th Cir. 2015) (finding that the district court's lack of findings to support this condition was harmless because "acting as a confidential informant is generally inconsistent with the rehabilitative and re-integrative goals of supervision").

The Probation Office's proposed Special Condition 14 provides that defendant:

> shall participate in a sex offender evaluation/assessment, which may include psychological and physiological testing. The specific program and provider will be determined by a probation officer. If treatment is deemed necessary by the provider, the offender shall comply with all recommended treatment, which may include psychological and physiological testing.

The government agrees that a sex offender evaluation/assessment is warranted. Defendant did not complete such an evaluation/assessment in connection with his Cook County case. Given that defendant's Cook County case involved images of a victim who does not appear to have been fully alert during the filmed sexual act, and given that defendant has been accused of nonconsensual dissemination of sexual images by two other women, an assessment to evaluate whether defendant might benefit from treatment would promote the policy goals of protecting the public and defendant's rehabilitation. *See United States v. Russell*, 81 F.4th 726, 730 (7th Cir. 2023) (finding sex offender assessment warranted in sentencing for fentanyl distribution based on conduct underlying a previous domestic battery/physical contact conviction). The government submits that the Special Condition should be narrowly tailored to include *only* the evaluation/assessment. In the event the assessment determines that defendant would benefit from treatment, the matter should then be brought back before the Court so defendant has the opportunity to be heard and a decision can be made as to whether any treatment is necessary.

VIII. CONCLUSION

For the reasons set forth above, the government respectfully submits that a sentence of 108 months' incarceration followed by three years of supervised release is warranted in this case.

RESPECTFULLY SUBMITTED,

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Dated: February 24, 2026   By: */s/ Jeffrey S. Snell*

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