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CENTRAL DISTRICT OF CALIFORNIA
BY: DTA DEPUTY

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. BERNARD TURK, Defendant.	No. 8:22-cr-00061-JVS I N F O R M A T I O N [18 U.S.C. § 1343: Wire Fraud; 18 U.S.C. § 2(a): Aiding and Abetting]

The United States Attorney charges:

[18 U.S.C. §§ 1343, 2(a)]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Information:

1. Defendant BERNARD TURK was a Certified Public Accountant running a tax preparation business in Tarzana, California.

2. Co-Schemer Mustafa Qadiri was a long-time tax client of defendant TURK. Co-Schemer Qadiri operated Agency 126, a purported advertising company located in Irvine, California.

The Paycheck Protection Program

3. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was a federal law enacted in or about March 2020 that was designed to provide emergency financial assistance to Americans suffering economic harm as a result of the COVID-19 pandemic. One form of assistance provided by the CARES Act was the authorization of United States taxpayer funds in forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program ("PPP"). PPP loan proceeds were required to be used by the business to pay certain permissible expenses: payroll costs, interest on mortgages, rent, and utilities.

4. In order to obtain a PPP loan, a qualifying business was required to submit documentation showing its payroll expenses, including federal tax filings.

5. A small business's PPP loan application would be received and processed by a participating lender approved by the Small Business Administration ("SBA"). If a PPP loan application was approved, the participating lender would fund the PPP loan using its own monies, which were guaranteed by the SBA.

SBA-Approved Lender

6. "Bank A" was a financial institution and an SBA-approved participating lender of PPP loans based in Marion, Illinois, whose deposits were insured by the Federal Deposit Insurance Corporation.

B. THE SCHEME TO DEFRAUD

7. Beginning in early February 2021 and continuing until at least on or about February 25, 2021, in Orange and Los Angeles Counties, within the Central District of California, and elsewhere, defendant TURK, aiding and abetting co-schemer Qadiri, knowingly and with the intent to defraud, devised, participated in, and executed a scheme to obtain money, funds, credits, assets, and other property owned by and in the custody and control of Bank A by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

8. The fraudulent scheme operated, in substance, as follows:

a. On or about February 19, 2021, co-schemer Qadiri submitted a false and fraudulent application to Bank A for a PPP loan on behalf of Agency 126.

b. To support the fraudulent PPP loan application, defendant TURK prepared a false 2019 Form 1120 U.S. Corporation Income Tax Return for Agency 126, claiming that Agency 126 paid $5,383,401 in wages during the 2019 tax year. Defendant TURK provided the false 2019 tax return to co-schemer Qadiri to submit to Bank A in order to substantiate the amount of the fraudulent PPP loan. To hide defendant TURK's involvement, defendant TURK marked the false tax return "self-prepared."

c. Defendant TURK and co-schemer Qadiri knew that Agency 126 had no employees, paid no wages, and never filed tax returns with the Internal Revenue Service.

d. Co-schemer Qadiri electronically submitted, and caused to be submitted, the false 2019 Form 1120 U.S. Corporation Income Tax Return prepared by defendant TURK to the SBA and Bank A in support of Agency 126's fraudulent PPP loan application. On the false 2019 tax return submitted to Bank A, co-schemer Qadiri removed the "self-prepared" designation and replaced it with defendant TURK as the preparer.

e. In reliance, in part, on the false 2019 Form 1120 U.S. Corporation Income Tax Return, Bank A and the SBA approved and funded Agency 126's PPP loan, and thereafter transferred approximately $1.2 million in loan proceeds by interstate wire into a bank account that co-schemer Qadiri controlled.

f. For his role in the scheme, defendant TURK was to receive a small percentage of the loan proceeds when Bank A forgave the loan.

C. <u>THE USE OF AN INTERSTATE WIRE</u>

9. On or about the February 25, 2021, in Orange County, within the Central District of California, and elsewhere, for the purpose of executing the above-described scheme to defraud, defendant TURK caused the transmission of $1,212,312 in PPP loan proceeds from Bank A, sent by means of an interstate wire, into

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Agency 126's Bank of America account in Newport Beach, California.

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