24-MJ-8178-PGL

AFFIDAVIT OF SPECIAL AGENT, MILES MILLER, IN SUPPORT OF CRIMINAL COMPLAINT

I, Miles Miller, being duly sworn, declare and state as follows:

INTRODUCTION

1. I have been a Special Agent ("SA") with the Criminal Investigation Division of the Internal Revenue Service ("IRS-CI") since November 25, 2019. My duties as a Special Agent include investigating criminal violations of the Internal Revenue Code and related criminal statutes. From December 2019 through August 2020, I attended the Federal Law Enforcement Training Center in Glynco, Georgia, where I received training in conducting financial investigations and in IRS-CI policies and procedures. From January 2017 through November 2019 and from October 2014 to December 2016, I was employed as an auditor at the public accounting firms BDO USA LLP and CliftonLarsonAllen LLP, respectively. As a public accounting auditor, I led a team of auditors in conducting financial statement audits governed by U.S. Generally Accepted Accounting Principles and the American Institute for Private Companies along with compliance audits of retirement plans governed by the IRS and Department of Labor. I was responsible for reviewing numerous financial records, such as bank statements, tax returns, and financial statements. I hold a bachelor's degree in business administration with a dual concentration in Accounting and Finance and a Master of Science in Accounting, both from the University of Massachusetts Lowell. I am also a Massachusetts Certified Public Accountant.

PURPOSE OF AFFIDAVIT

2. I am currently investigating DURGAPRASAD RAO ("RAO") and others in connection with various suspected federal criminal offenses, including, but not limited to: 18

U.S.C. § 1343 (wire fraud), 18 U.S.C. § 1957 (money laundering), 18 U.S.C. § 641 (theft of public funds), and 18 U.S.C. § 287 (false claims).

3. As set forth below, I have probable cause to believe that RAO obtained a Paycheck Protection Program ("PPP") loan for Accelerated Engineering, LLC ("AE"), and Upstream Global Services, Inc. ("UGS") via fraudulent means. This affidavit is being submitted in support of a criminal complaint charging RAO with violating 18 U.S.C. § 1343.

4. The facts set forth in this affidavit are based upon my personal observations, my training and experience, and information obtained from various law enforcement personnel and witnesses. This affidavit is intended to show merely that there is sufficient probable cause for the complaint and arrest warrant and does not purport to set forth all of my knowledge of or investigation into this matter. Unless specifically indicated otherwise, all conversations and statements described in this affidavit are related in substance and in part only.

STATEMENT OF PROBABLE CAUSE

A. Background

1. The Paycheck Protection Program

5. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in or around March 2020 and designed to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to $349 billion in forgivable loans to small businesses for job retention and certain other expenses, through the Paycheck Protection Program ("PPP"). In or around April 2020, Congress authorized over $300 billion in additional PPP funding.

6. To obtain a PPP loan, a qualifying business must submit a PPP loan application, signed by an authorized representative of the business. The PPP loan application requires the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) must state, among other things, its average monthly payroll expenses and number of employees. These figures are used to calculate the amount of money the small business is eligible to receive under the PPP. In addition, businesses applying for a PPP loan must provide documentation showing their payroll expenses.

7. A PPP loan application must be processed by a participating lender. Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, is transmitted by the lender to the Small Business Administration ("SBA") in the course of processing the loan. If a PPP loan application is approved, the participating lender funds the PPP loan using its own monies, which are 100% guaranteed by the SBA. The SBA is a United States government agency based in Washington, D.C.

8. PPP loan proceeds must be used by the business on certain permissible expenses, e.g., payroll costs, interest on mortgages, rent, and utilities. In some instances, the PPP allows the interest and principal on the PPP loan to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expenses.

9. Beginning in or around January 2021, a "Second Draw" PPP loan was offered, which allowed eligible borrowers who had previously received a PPP loan to apply for a "Second Draw" PPP loan with the same general loan terms as their first PPP loan. Funds from

Second Draw PPP loans could be used to fund payroll costs, mortgage interest, rent, utilities, uninsured property damage costs relating to looting or vandalism, as well as worker protection costs related to COVID-19.

10. The PPP loan program ended on May 31, 2021.

2. *Relevant Financial Individuals and Entities*

i. RAO

11. RAO owns a residence in Carlisle, Massachusetts. Public records, and Internal Revenue Service ("IRS") records list the same address for RAO's residence in Carlisle ("Residence Address").[1] Per IRS records, and in response to requests for records, such as the PPP loan applications, RAO's Massachusetts-based businesses have listed the place of business in Bedford, Massachusetts ("Bedford Address").[2]

ii. AE

12. AE is described in its Massachusetts corporate filings as providing product engineering services. RAO represented himself as 100% owner and a member of AE to TD Bank in connection with the fraudulent PPP loan applications (First Draw and Second Draw).

13. AE was incorporated in Delaware in or around March 2019. Per records provided by TD Bank in connection to the PPP loan applications, a Delaware Secretary of State document showed AE was not in good standing. As of the end of September 2023 AE was not in good standing in Delaware.

14. AE was also incorporated in Georgia in or around March 2019.

[1] The full address for "Residence Address" is known to law enforcement, but redacted here in the interest of privacy.

[2] The full address for "Bedford Address" is known to law enforcement, but redacted here in the interest of privacy.

15. AE was also incorporated in Massachusetts in November 2020 and the listed address was the Bedford Address.

iii. UGS

16. RAO represented himself as 100% owner of UGS to Bank of America in connection with the fraudulent PPP loan applications (First Draw and Second Draw).

17. RAO is the President, Director, Secretary, and Treasurer of UGS.

18. UGS is described in its corporate filings as a software company that provides software consulting services and temporary staffing needs.

19. UGS was incorporated in New Hampshire in 2012 and listed the Bedford Address as its place of business. UGS was "not in good standing" with the New Hampshire Secretary of State for the years 2015, 2016, 2017, 2018, and 2019. In or around August 29, 2016, UGS was administratively dissolved by the New Hampshire Secretary of State. In or around June 20, 2020, RAO reinstated UGS in New Hampshire.

iv. PayChex, Inc. ("Paychex")

20. PayChex, Inc is a privately owned human resource, payroll, and benefits outsourcing company headquartered in Rochester, New York.

3. *Relevant IRS Tax Forms*

i. Forms 941, Employer's Quarterly Federal Tax Return

21. This is the quarterly form a business uses to report income taxes and payroll taxes that they withheld from the employees' wages and also the share of payroll tax liabilities owed for the business. A business must file a Form 941 if wages paid are subject to federal income tax withholding or social security and Medicare taxes. On a Form 941, the following is reported, among other things: (1) number of employees who received wages, tips, or other compensation;

(2) wages, tips, and other compensation paid; (3) federal income tax withheld by the employer; and (4) both the employer and employee share of social security and Medicare taxes.

ii. Forms 940, Employer's Annual Federal Unemployment Tax

22. This is the annual form a business uses to report the employees' wages and the business' federal unemployment tax liability. A business must file a Form 940 if wages paid are subject to federal income tax withholding or social security and Medicare taxes. On a Form 940, the information reported includes, but is not limited to: (1) number of employees who received wages, tips, or other compensation; (2) wages, tips, and other compensation paid; and (3) federal unemployment tax liabilities assessed.

iii. Forms 1040, US Individual Income Tax Return

23. This is the annual form an individual uses to report all of their income, expenses, deductions, and exemptions to calculate taxable income and tax on that income or loss. The tax withholdings are also reported on this form, and depending on the individual circumstances, an additional tax payment or a tax refund may be due.

iv. Forms 1120S, US Income Tax Return for an S Corporation

24. This is an annual form a business uses to report the income and expenses of the business. An S-Corporation does not directly pay tax on taxable income; instead, profits and losses pass directly to its shareholders, typically on an individual's tax return, for instance on a Form 1040.

v. Forms 1120, US Corporation Income Tax Return

25. This is an annual form a business uses to report the income and expenses of the business. As a Corporation, the business pays taxes on its taxable profits or incurs losses. If there are remaining profits from the business it can stay within the business or it can be paid out

to the shareholders, typically as a dividend. Those dividends are taxed at the individual shareholder level such as on an individual's tax return, Form 1040.

vi. Forms W2, Wage and Tax Statements

26. This is an annual form for a business to report the wages and tax withholdings of each employee who received compensation of more than $600.00 in a given year and had federal income tax, social security tax, or Medicare tax withheld. This Form W2 is then used by the employee on their personal tax return, such as a Form 1040, to calculate their total federal taxes due or overpaid for the year.

vii. Forms W3, Transmittal of Wage and Tax Statements

27. This is an annual form for a business to report the wages and tax withholdings of all employees for whom the business filed Forms W2. Businesses with 250 or more employees must file their Forms W2 electronically and do not need to file a Form W3.

viii. Forms 1099, 1099-NEC & Independent Contractors

28. This is an annual form for each person or contractor that a business paid over $600.00 to in a given year, that is not an employee or a corporation. On a Form 1099, the total amount of payments to the person or contractor are shown.

B. Overview of Fraud

29. As reflected in the chart below, between in or around April 2020 and through the end of the PPP loan program, RAO submitted, or caused to be submitted, nine fraudulent PPP loan applications for companies he controlled—six on behalf of companies with a principal place of business in the District of Massachusetts.[3] In total, RAO attempted to obtain approximately

[3] RAO also filed two successful fraudulent PPP loan applications for two businesses with a place of business in the District of Wisconsin. RAO received a total of $5,591,644.00 in PPP

$11,038,264.00 in PPP loan funds for his Massachusetts-based companies. Four of RAO's PPP loan applications were approved, and RAO received funds of approximately $6,996,664.00 in PPP loans for his Massachusetts-based companies. RAO then submitted at least four fraudulent loan forgiveness applications to have the $6,996,664.00 in PPP loans forgiven, of which only one PPP loan of $1,520,832.00 was approved for forgiveness. In these applications, RAO misrepresented, among other things, the total number of employees and payroll expenses for the businesses.

Business Name	**EIN**	**Approx. Date of Application Submission**	**Loan Amount**	**Loan Status**	**Loan Originator Name**	**Principal Business Address Location**
Applications Submitted for RAO's Massachusetts-Based Companies						
Accelerated Engineering, LLC	16-175XXXX	4/10/2020	$1,520,832	Approved / Forgiven	TD Bank, NA	MA
Digital Masters, Inc.	EIN: 85-070XXXX	4/14/2020	$1,875,000	Rejected	Leader Bank, NA	MA
Software Pundits, Inc.	EIN: 02-043XXXX	4/15/2020	$2,166,667	Rejected	Leader Bank, NA	MA
Upstream Global Services, Inc.	EIN: 45-440XXXX	4/30/2020	$2,000,000	Approved / Forgiveness Denied	Bank of America, NA	MA
Upstream Global Services, Inc.	EIN: 45-440XXXX	1/25/2021	$1,955,000	Approved / Forgiveness Denied	Bank of America, NA	MA
Accelerated Engineering, LLC	16-175XXXX	3/15/2021	$1,520,832	Approved / Forgiveness Denied	TD Bank, NA	MA

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loan funds as a result of those two loan applications. RAO also filed two fraudulent loan forgiveness applications for the two Wisconsin PPP loans, both of which were approved.

RAO also filed one successful fraudulent PPP loan application with a place of business in the Northern District of Georgia. RAO received a total of $1,877,647.00 in PPP loan funds as a result of that loan application. RAO also filed a fraudulent loan forgiveness application for the Georgia PPP loan, which has not yet been approved for forgiveness.

Business Name	**EIN**	**Approx. Date of Application Submission**	**Loan Amount**	**Loan Status**	**Loan Originator Name**	**Principal Business Address Location**
Applications Submitted for RAO's Companies Outside Massachusetts						
Agile Scientific Group, LLC	26-222XXXX	4/27/2020	$3,465,405	Approved/ Forgiven	Emigrant Bank	WI
Intelliprise, LLC	85-071XXXX	4/27/2020	$2,126,239	Approved / Forgiven	Emigrant Bank	WI
Digital Masters, Inc.	85-070XXXX	3/24/2021	$1,877,647	Approved / Forgiveness Denied	JPMorgan Chase Bank, NA	GA

30. For the purposes of this criminal complaint, I will detail RAO's successful fraudulent submission of AE and UGS' First Draw PPP loan applications pursuant to which RAO received $1,520,832.00 and $2,000,000.00 for AE and UGS, respectively.

C. Falsified and Successful First Draw PPP Loan Applications

1. *Accelerated Engineering, LLC, First Draw*

31. On or about April 10, 2020, RAO submitted a First Draw PPP loan application on behalf of AE to TD Bank. RAO sought and ultimately received $1,520,832.00 in PPP loan funds.

32. In the application, RAO represented himself to be the 100% owner of AE, listed his SSN as XXX-XX-9431, and listed the Bedford Address as the business address.[4] As the owner of AE, RAO listed his Residential Address on the application form. In the PPP loan

[4] The full SSN of RAO is known to law enforcement and has been partially redacted throughout this document in the interest of privacy.

package, RAO listed the email address durga@upstreamgs.com, checked the box next to "LLC," and listed the EIN for AE as 16-175XXXX.[5]

33. In this First Draw PPP loan application submitted to TD Bank, RAO stated that AE's average monthly payroll was $608,333.00 and that the company had 77 employees. To support his application, RAO submitted purported 2019 Forms 941 for quarter 1, 2, 3, and 4, 2020 Form 941 for quarter 1 and 2019 Form 940 that contained false statements and are summarized in the charts below:

2019 Form 940 submitted in support of the PPP Loan Application:

Year	Wages	Federal Unemployment Taxes
2019	$8,597,708.53	$3,234.00

2019 Forms 941 submitted in support of the PPP Loan Application:

Period	Wages	Payroll Taxes	No. of Employees
Q1	$2,123,874.44	$619,709.79	77
Q2	$2,189,745.85	$595.553.81	77
Q3	$2,120,957.47	$599,846.49	77
Q4	$2,163,130.77	$587,612.01	77
2019 Total	**$8,597,708.53**	**$1,807,168.29**	

2020 Form 941 submitted in support of the PPP Loan Application:

Period	Wages	Payroll Taxes	No. of Employees
Q1 2020	$2,199,002.55	$613,789.93	77

34. Based on the information RAO provided to TD Bank in the loan application, TD Bank approved and funded the initial loan request.

35. On or about April 21, 2020, TD Bank wired $1,520,832.00 into AE's TD Bank Account xxx-xxx9859. To complete this wire, TD Bank's processor submitted payment through

[5] The full EIN of AE is known to law enforcement and has been partially redacted throughout this document in the interest of privacy.

nCino, Inc., which uses a Salesforce, Inc. server in Washington, D.C. or Phoenix, Arizona.[6] The payment is then posted through Fidelity Bank to AE's account through a server located in Toronto, Canada. Thus, the wire was transmitted in interstate or foreign commerce.

36. Based on my training, experience, and knowledge of the investigation, I believe AE's First Draw PPP loan application and supporting documents to TD Bank contained several false and fraudulent statements. Specifically, the loan application support documents claimed that AE had 77 employees and a yearly payroll of approximately $7,299,996. This is inconsistent with Forms 940, Forms 941, and Forms W2 on file with the IRS for AE since the purported inception of AE in March 2019. The IRS also has Forms 1040 on file for individuals that claimed to have received wages for AE, although the IRS may or may not have received Forms W2 for those individuals. The IRS has no Forms 1099, Forms 1120 or Forms 1120S on file for AE. See the charts below for a summary of the forms for AE on file with the IRS:

2019, 2020, and 2021 Forms 940 on file with the IRS:

Forms	Wages	Federal Unemployment Taxes
2019	$0.00	$0.00
2020	$127,774.28	$42.00
2021	$79,662.00	$84.00

2019 Forms 941 on file with the IRS:

Forms	Wages	Payroll Taxes	No. of Employees
Q1	$0.00	$0.00	0
Q2	$0.00	$0.00	0
Q3	$0.00	$0.00	0
Q4	$0.00	$0.00	0
Total	**$0.00**	**$0.00**	**0**

[6] nCino, Inc. is a cloud-based banking software used by financial institutions to gain efficiencies from digitalizing and streaming processes.

Salesforce, Inc. is a cloud-based software company that provides software and applications for sales and customer service, among others.

2020 Forms 941 on file with the IRS:

Forms	Wages	Payroll Taxes	No. of Employees
Q1	$32,893.80	$9,042.95	*0[7]
Q2	$27,720.00	$7,574.04	*0
Q3	$37,422.00	$10,731.95	*0
Q4	$29,738.48	$8,326.94	1
Total	**$127,774.00**	**$35,675.88**	

2021 Forms 941 on file with the IRS:

Forms	Wages	Payroll Taxes	No. of Employees
Q1	$28,182.00	$7,711.98	*0
Q2	$0.00	$0.00	*0
Q3	$25,520.00	$8,192.64	1
Q4	$25,960.00	$8,365.56	1
Total	**$79,662.00**	**$24,270.18**	

2019, 2020, and 2021 Forms W2 on file with the IRS:

Year	Wages	Payroll Taxes	No. of Employees
2019	None*		
2020	$127,774.00	$25,900.00	1
2021	$79,662.00	$18,173.00	2

2019, 2020, and 2021 Forms 1040 filed with Forms W2 on file with the IRS:

Period	Wages	Payroll Taxes	No. of Employees
2019	$247,449.00	$45,450.00	5
2020	$151,090.00	$29,853.00	2
2021	$156,355.00	$32,257.00	4

37. I reviewed AE's business checking account (TD Bank Account xxx-xxx9859) from when it was opened around January 24, 2020, through December 31, 2021. The monthly balance ranged from $62,095.00 to $2,014,838.13. There was minimal activity. Based on my training, experience, and knowledge of the investigation, I was not able to find AE's payroll expenditures for any payroll providers, such as PayChex, withdrawals that were denoted as

[7] The number of employees listed on many of the Forms 941 was "0." This cannot be true, because there are wages paid, so there must be at least one employee. Nonetheless, this is what was submitted to the IRS.

payroll, or consistent payments to any individuals consistent with wage payments, from January 24, 2020, through December 31, 2021.

38. I reviewed AE's premier business checking account (ECSB XXXXXXXX0892) from January 2019 through December 2021. The monthly balance ranged from $482.42 to $704,835.22. The name of this bank account was "SPI Research & Development Service, LLC" through the March 31, 2020, bank statement. Then from April 1, 2020, through at least December 31, 2021, the bank statements showed the name Accelerated Engineering, LLC (i.e. AE). I found various payments sent to individuals. Some payments were consistent with a typical payment schedule for an employee on payroll, while other payments to individuals were not. Nonetheless, below is a chart of all payments to those individuals:

Period	**Wages**	**No. of Individuals**
2019	$16,529.06	2
2020	$312,103.87	16
2021	$1,018,030.57	19

39. In addition to these payments from AE's premier business checking account (ECSB XXXXXXXX0892), I was also able to find payroll expenditures to PayChex as seen in the chart below:

Period	**Wages**
2019	$0.00
2020	$90,289.02
2021	$54,462.89

40. In summary, none of the records on file with the IRS or business accounts for AE reflect payroll payments of approximately $8,597,708.53 and $2,199,002.55, for 2019 and quarter 1 2020, respectively.

2. *Upstream Global Services, Inc., First Draw*

41. On or about April 30, 2020, RAO submitted a First Draw PPP loan application on behalf of UGS to Bank of America ("BoA"). RAO sought and ultimately received $2,000,000.00 in PPP loan funds.

42. RAO submitted the application from IP address: 75.69.222.49. According to records from Comcast, this IP address was registered to RAO's wife, Srikanth Rao, at their Residential Address in Massachusetts from at least approximately January 12, 2023, through March 22, 2023. Comcast does not maintain records on IP addresses dating back to 2020 and 2021 when the PPP loan applications were submitted. While IP addresses are not static and can change, based on my training and experience, it is highly improbable that a randomly-assigned IP address at a different location where a PPP loan application was submitted using the Residential Address would be the same number as the IP address later assigned to the Residential Address.

43. BoA's servers that would receive this application are located in either Richmond, Virginia, Chandler, Arizona, or Richardson, Texas. Thus, the wire went through interstate commerce.

44. RAO listed himself as the owner of UGS in the application and listed the Bedford Address as the business address. RAO listed the Residential Address as his personal address. In the PPP loan package, the EIN for UGS was 45-440XXXX.[8] RAO also listed the state of legal formation as "NH."

[8] The full EIN of UGS is known to law enforcement and has been partially redacted throughout this document in the interest of privacy.

45. RAO stated in the application that UGS' average monthly payroll was $800,000.00 and that the company had 90 employees. To support his application, RAO submitted a purported quarter 1, 2020 Form 941, and 2019 Form 940 that contained the information summarized in the chart below:

Forms	**Wages**	**Payroll Taxes**	**No. of Employees**
2019 Form 940	$10,297,708.53	$3,906.00[9]	Not Applicable on Form
Q1 2020 Form 941	$2,508,753.89	$777,910.95	93

46. Based on the information RAO provided to BoA in the loan application, the initial loan request was approved and funded. On or about May 8, 2020, BOA wired $2,000,000.00 into UGS' BoA Account xxxxxxxx9678.

47. RAO's assertions in the PPP loan application that UGS had 93 employees and a yearly payroll of approximately $10,297,708.53 are false.

48. Since UGS' inception in January 2012, UGS has not submitted any Forms 940, 941, W2, W3, 1099, 1120 or 1120S to the IRS. Furthermore, there are no Forms 1040, associated with UGS' EIN 45-440XXXX that would show individuals that claimed to have been employees or independent contractors for UGS.

49. Further, UGS' bank accounts do not support RAO's claim that UGS had 93 employees and a yearly payroll of approximately $10,297,708.53.

50. From January 2018 through March 2020, the monthly balance in UGS' business checking account (ECSB XXXXXXXX3720) ranged from $3,497.80 to $292,515.08. Based on my review of the checking account, I made the following estimates of UGS' 2019 and Q1 2020 payroll expenditures:

[9] This reflects the federal unemployment tax, which is what gets reported on Forms 940.

Period	Wages	No. of Employees
2019	$267,073.30	27
Q1 2020	$134,562.58	21

51. The chart above includes amounts that RAO paid to himself of approximately $71,000.00 and $10,000.00, for 2019 and Q1 2020, respectively.

52. From January 2018 through March 2020, the monthly balance in UGS' business money market account (ECSB XXXXXXXX1577) ranged from $1,004.49 to $1,032.27. The activity consisted of mostly interest earned on the account. I was not able to find any payroll expenditures from January 1, 2019 through March 31, 2020 conducted through this account.

53. From January 2018 through March 2020, the monthly balance in UGS' business checking account (BoA XXXXXXXX9678) ranged from $3,451.14 to $338,763.59. There was minimal activity and it consisted mostly of deposits, rather than withdrawals. I was not able to find any payroll expenditures from January 1, 2019, through March 31, 2020, conducted through this account.

54. In or around February 2020, RAO opened a business savings account (BoA XXXXXXXX8255) for UGS. Because the account did not exist between January 1, 2019 and January 31, 2020, there are no payroll expenditures for that time period associated with this account. I reviewed the February 2020 and March 2020 bank statements associated with this account and there were no payroll expenditures for employees for quarter 1 of 2020.

55. RAO also opened business checking accounts for UGS in or around July 1, 2020 (TD Bank XXXXXX8177) and September 11, 2020 (JPMC XXXXX2263). Because these accounts did not exist at the time, there are no payroll expenditures for employees from January 1, 2019, through March 31, 2020.

56. In summary, none of the business accounts for UGS provide any support for RAO's claim that UGS had payroll payments of approximately $10,297,708.53 and $2,508,753.89, for 2019 and quarter 1 2020, respectively.

57. Moreover, in or around February 28, 2020, prior to the COVID-19 pandemic and the initiation of the PPP, the IRS interviewed RAO related to his payroll liabilities for his companies. In the course of that interview, RAO specifically stated that UGS does not employ anyone, but rather UGS contracts with people.

D. Falsified and Successful PPP Loan Forgiveness Application on Behalf of UGS

58. On or about October 5, 2021, RAO submitted a PPP loan forgiveness application for the First Draw PPP Loan to BoA for the $2,000,000.00 received on behalf of UGS.

59. In order to receive the loan forgiveness, RAO submitted more fraudulent documents to BoA to support the false assertion that UGS had about 90 employees, an annual payroll of at least approximately $9,600,000.00, and how the $2,000,000.00 received was spent.

60. In the First Draw PPP loan forgiveness application submitted to BoA, RAO stated that UGS had 93 employees and a payroll of $4,292,322.00 during the "covered period" from May 8, 2020, through October 22, 2020. To support these assertions, RAO submitted a purported PPP Loan Forgiveness Worksheet from PayChex during the covered period, which showed a total employee payroll of $4,292,322.00.

61. In response to a request for records from PayChex, PayChex reported that it had not handled payroll for UGS since 2013.

62. Further, while UGS was a client of PayChex, UGS' client ID was "R241." The PPP Loan Forgiveness Worksheet from PayChex submitted by RAO listed the client ID number

"ZD61."[10] Based on the records, and my training and experience, the PPP Loan Forgiveness Worksheet is not true and correct.

63. To support the First Draw PPP Loan forgiveness application, RAO also submitted three consecutive purported quarterly, 2020 Forms 941, that contained false statements and is summarized in the chart below:

2020 Forms 941	**Wages**	**Payroll Taxes**	**No. of Employees**
Quarter 2	$2,548,874.45	$737,595.83	93
Quarter 3	2,973,686.86	860,528.47	93
Quarter 4	2,548,874.45	737,595.83	93
Total	**$8,071,435.76**	**$2,335,720.13**	

64. UGS never submitted quarter 2, 3, or 4, 2020 Forms 941 to the IRS. Based on my training, experience, and knowledge of the investigation, the tax forms RAO submitted with UGS' First Draw PPP Loan forgiveness application are not true and correct.

65. RAO made certain affirmative certifications on the loan forgiveness application, specifically: "The tax documents I have submitted to Bank of America, N.A. are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with the SBA's authorized representative, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with the PPP requirements and all SBA reviews."

[10] Client ID "ZD61" is associated with "ED Company" not UGS. The full name of "ED Company" is known to law enforcement, but redacted throughout this document in the interest of privacy. Based on data provided by PayChex and public corporate filings, ED Company has no affiliation with RAO.

E. Unauthorized Use of PPP Loan Proceeds and Money Laundering

66. RAO used the $2,000,000 of PPP loan funds received on behalf of UGS for unauthorized purposes.

67. All PPP loan proceeds associated with UGS were wired into BoA Account xxx9678.

68. After receiving $2,000,000.00 for the First Draw PPP loan, RAO made three wire transfers to ECSB Account xxx3720 totaling $2,000,000.00 between in or around July 7, 2020, to in or around December 22, 2020.

69. Around this same time period, at least nine wire transfers from ECSB Account xxx3720—totaling $534,000.00—were made to a company overseas, Software Pundits India Private Limited ("SP India"). I understand SP India is controlled by RAO and his wife, Srikanth Rao, who are the Directors.

70. RAO certified that the United States is the principal place of residence for all the employees in the PPP loan application. RAO also certified that the PPP loan proceeds were to be used for payroll costs or mortgage payments, lease payments, and utility payments and to the extent possible, purchases are to be only American-made equipment and products.

71. On July 17, 2020, RAO made a wire transfer to himself of $7,000.00 from ECSB Account xxx3720.

72. On November 10, 2020, RAO withdrew $30,000.00 in cash ECSB Account xxx3720.

73. From November 23, 2020, to January 19, 2021, RAO wrote three checks drawn from ECSB Account xxx3720 to himself totaling $19,000.00.

F. Similar Modus Operandi with Other PPP Loan Applications

74. While I will not go into the same level of detail for the other fraudulent Massachusetts-based PPP loan applications, RAO followed a similar modus operandi in the course of submitting other fraudulent PPP loan applications.

1. UGS' Successful Second Draw PPP Loan Application

75. RAO submitted a second draw PPP loan application on behalf of UGS on or about January 25, 2021. RAO falsely claimed that UGS had 90 employees and a monthly payroll of $800,000. RAO submitted the same fraudulent Form 940 and Form 941 that he submitted in connection with UGS' first draw PPP loan application detailed above.

76. The Second Draw PPP loan application also required proof of at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020. RAO submitted a false Profit and Loss comparison of quarter three of 2019 and 2020 that showed the requisite reduction in gross receipts. UGS never submitted 2019 or 2020 Forms 1120 or Forms 1120S to the IRS that would show the Profit and Loss of the company, and expenses, such as employees or independent contractors.

77. In addition, to receive a Second Draw PPP loan for UGS, RAO certified that the "Applicant received a First Draw Paycheck Protection Program Loan and, before the Second Draw Paycheck Protection Program Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw Paycheck Protection Program Loan only for eligible expenses." As detailed above, RAO did not use the First Draw PPP loan for authorized purposes.

78. Based on the information provided to BoA in the loan application, UGS' Second Draw PPP loan request was approved on or about January 27, 2021; and BoA wired $1,955,000.00 into BoA Account xxx9678.

79. RAO submitted a PPP loan forgiveness application to BoA on June 25, 2022, for UGS' Second Draw PPP loan seeking reimbursement for the entire $1,955,000.00 it received.

80. The loan forgiveness application for UGS' second draw, included similar false documents to support the misrepresentation that UGS had 93 employees, including fraudulent tax documents and fraudulent payroll reports purportedly from PayChex.

81. RAO also misused the funds received from UGS' Second Draw PPP loan to purchase a luxury condominium for himself in New York, New York.

2. *AE's Successful Second Draw PPP Loan Application*

82. RAO submitted a Second Draw PPP loan application on behalf of AE on or about March 15, 2021. RAO falsely claimed that AE had 79 employees and a monthly payroll of $608,333.00. RAO submitted the same fraudulent 2019 Form 940 and 2020 Form 941 quarter 1 that he submitted in connection with AE's first draw PPP loan application detailed above.

83. The Second Draw PPP loan application also required proof of at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020. RAO submitted a false Profit and Loss comparison of quarter three of 2019 and 2020 that showed the requisite reduction in gross receipts.

84. The Second Draw PPP loan application also asked, "Have you filed business taxes in the last 18 months?" to which RAO answered, "Yes." The IRS has no records of the 2019 Form 940 and 2020 Form 941 quarter 1 that RAO submitted to TD Bank, which TD Bank relied on to make a determination of eligibility and ultimately funded the PPP loan.

85. Based on the information provided to TD Bank in the loan application, AE's Second Draw PPP loan request was approved on or about April 21, 2021. TD Bank wired $1,520,832.00 into AE's TD Bank Account xxx-xxx9859.

86. RAO submitted a PPP loan forgiveness application to TD Bank on September 26, 2022, for AE's Second Draw PPP loan seeking reimbursement for the entire $1,520,832.00 it received.

87. The loan forgiveness application for AE's second draw included similar false documents to support the misrepresentation that AE had 76 employees,[11] including fraudulent tax documents and fraudulent payroll reports purportedly from PayChex. The loan forgiveness was denied by the SBA at this time due to insufficient additional documentation that was requested by the SBA, among other reasons.

3. *Digital Masters Inc.'s Unsuccessful First Draw PPP Loan Application*

88. On or about April 14, 2020, RAO submitted a PPP loan application on behalf of Digital Masters Inc. ("DM") to Leader Bank seeking a PPP loan in the amount of $1,875,000.00.

89. In the application, RAO stated that DM's average monthly payroll was $750,000.00 and that DM had 90 employees. To support his application, RAO included four consecutive purported quarterly, 2019 Forms 941. DM never submitted any Forms 941 for 2019 to the IRS.

90. Additionally, DM did not submit Forms W2, Forms W3, Forms 941, Forms 940, Forms 1099, Forms 1120, or Forms 1120S to the IRS.

[11] The forgiveness application stated AE had 76 employees at the time of the forgiveness being sought and at the time of the application for the second draw PPP loan. This is inconsistent with the First Draw PPP loan application which claimed that AE had 77 employees.

91. Likewise, the IRS has no Forms 1040, associated with the employer's EIN 85-070XXXX, that would show DM had any employees or independent contractors.

92. In further support of DM's First Draw PPP loan application, RAO included purported 2019 financial statements of DM, specifically, a balance sheet and a profit and loss statement. As noted above, DM never submitted Form 1120 or 1120S for 2019 to the IRS.

93. I reviewed multiple bank accounts associated with DM. Specifically, business checking account (ECSB XXXXXXXX0914), business checking account (ECSB XXXXXXXX0922), and business checking account (JPMC XXXXXXXXXXXX5836). These accounts did not reflect balances or transactions that could plausibly support payroll expenditures for 90 employees. Some of these accounts did not even exist during 2019 or the first quarter of 2020, and thus could not possibly have been used for payroll expenses during that time.

94. In addition, based on the investigation and IRS records, EIN 85-070XXXX was created for DM on or around April 14, 2020. Therefore, there is probable cause to believe that DM was not in existence at the time of the alleged payroll expenditures. The EIN was created on the same day or sometime shortly before the PPP loan application was submitted.

95. Ultimately, Leader Bank denied the application, because it could not validate the existence of DM.

4. *Software Pundits, Inc.'s Unsuccessful First Draw PPP Loan Application*

96. On or about April 15, 2020, RAO submitted a PPP loan application on behalf of Software Pundits, Inc. ("SP, Inc.") to Leader Bank seeking $2,166,667.00.

97. In the application, RAO stated that SP, Inc.'s average monthly payroll was $866,667.00 and that the company had 104 employees. To support his application, RAO

included four consecutive purported quarterly, 2019 Forms 941 that contained false statements and is summarized in the chart below:

2019 Forms 941	**Wages**	**Payroll Taxes**	**No. of Employees**
Quarter 1	$2,779,111.51	$822,183.06	104
Quarter 2	$2,842,762.03	$777,522.28	104
Quarter 3	$2,779,683.44	$787,925.56	104
Quarter 4	$2,820,336.74	$770,914.52	104
Total	**$11,221,893.72**	**$3,158,545.42**	

98. This data appears to be false, because the IRS has a 2019 Form 940 for SP, Inc. on file that listed $305,214.86 in annual wages and $378.00 in federal unemployment taxes. The IRS also has four consecutive quarterly 2019 Forms 941 on file for SP, Inc. as summarized in the chart below:

2019 Forms 941	**Wages**	**Payroll Taxes**	**No. of Employees**
Quarter 1	$46,757.79	$12,350.97	*0[12]
Quarter 2	$49,438.60	$12,820.23	*0
Quarter 3	$93,089.18	$22,668.12	*0
Quarter 4	$115,929.29	$30,940.32	2
Total	**$305,214.86**	**$78,779.64**	

99. The IRS also has nine 2019 Forms W2 on file for SP, Inc. that add up to $305,214.00, which matches the wages amount from the quarterly Forms 941 for 2019 summarized above within one dollar rounding.

100. Further, the IRS has Forms 1040, associated with the SP. Inc.'s EIN 02-043XXXX, that show additional employees of SP, Inc. who were not captured in the Forms W2 above. There are a total of six individuals that claimed a total of $105,183.00 of W2 wages on the Forms 1040 that are not included in the $305,214.00 of Forms W2 reported by SP, Inc.

[12] As noted above, the number of employees listed on many of the Forms 941 was "0." This cannot be true, because there are wages paid, so there must be at least one employee. Nonetheless, this is what was submitted to the IRS.

101. The total wages reported for employees from SP, Inc. for 2019 in forms submitted to the IRS was approximately $410,397.00. This is nowhere close to the over $11 million in payroll RAO claimed to have in SP, Inc.'s PPP loan application.

102. RAO also submitted purported 2019 financial statements of SP, Inc. in the loan application, but the IRS has no record of a 2019 Form 1120 or 1120S for SP, Inc.

103. I also reviewed multiple bank accounts associated with SP, Inc. Specifically, business checking account (ECSB XXXXXXXX2192), business checking account (ECSB XXXXXXXX2354 and identified as "Payroll" by ECSB), business checking account (ECSB XXXXXXXX0906), and business checking account (TD Bank XXXXXXXXXXXX5955). These bank accounts did not reflect balances or transactions that could plausibly support payroll expenditures of over $11 million per year for 104 employees. One of the accounts showed transactions reflecting bi-weekly payroll wages withdrawn by PayChex in the range of $2,288.94 to $34,831.51. Specifically for 2019, I was able to find 26 PayChex withdrawals related to SP, Inc.'s payroll expenditures for employees totaling $233,675.73 for 2019.

104. Ultimately, Leader Bank denied the application, because it could not validate the existence of SP, Inc.

CONCLUSION

105. Based on the foregoing, and my training and experience there is probable cause that RAO, knowingly and with the intent to defraud, executed a scheme to obtain money, funds, and property from the SBA through BoA and TD Bank by means of materially false and fraudulent representations, pretenses, and promises, namely, RAO submitted applications for PPP loans on behalf of UGS and AE that contained false

representations about the number of employees and the amount of monthly payroll, in violation of 18 U.S.C. § 1343.

Miles Miller /by Paul G. Levenson
Special Agent Miles Miller
Internal Revenue Service

SWORN to before me by telephone in accordance with Fed. Rule Crim. P. 4.1
this 6th day of May 2024

HONORABLE PAUL G. LEVENSON
UNITED STATES MAGISTRATE JUDGE

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS