UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

January 2025 Grand Jury

UNITED STATES OF AMERICA, Plaintiff, v. ARSEN TERZYAN, aka "Steven Terzaki," Defendant.	CR 2:25-CR-00456-MWC I N D I C T M E N T [18 U.S.C. § 1343: Wire Fraud; 18 U.S.C. § 1957: Transactional Money Laundering; 18 U.S.C. §§ 981, 982, 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNTS ONE THROUGH SEVEN

[18 U.S.C. §§ 1343, 2]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

1. Defendant ARSEN TERZYAN, also known as "Steven Terzaki," was a resident of Granada Hills, California.

2. Defendant TERZYAN wholly owned an entity called Grub House, Inc., a purported restaurant or food service business. Defendant TERZYAN was the sole signer on a business account for Grub House at JPMorgan Chase ending in 3502 ("JPMC 3502").

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. The CARES Act authorized taxpayer funds under the Economic Injury Disaster Loan program (individually, an "EIDL," or collectively, "EIDLs"). The EIDL program provided low-interest funding to small businesses, renters, and homeowners affected by the COVID-19 pandemic.

4. In order to obtain an EIDL, a qualifying business was required to submit an application to the United States Small Business Administration ("SBA"), typically through an online portal, and provide information about its operations, such as the nature of the applicant's business, e.g., "agriculture," the number of employees, and gross revenues for the 12-month period preceding the Covid-19 pandemic. EIDL applicants were required to certify that all information in the application as provided by the applicant or on behalf of the applicant by their authorized representative was true and correct.

5. An EIDL "Loan Authorization and Agreement" ("LA&A") was executed by the applicant's authorized representative as a condition of receipt of EIDL proceeds that stated that. The LA&A required that the applicant use the EIDL proceeds only for purposes stated in EIDL rules, such as for employee payroll expenses, employee sick leave, and business obligations and expenses such as business debts, rent, and mortgage payments. EIDL funds could not be used other than for those purposes, including that such funds could not be deposited or held for future business operations, used to capitalize a new

business or for business start-up expenses, or used for purposes not associated with the operation of a going concern.

6. The amount of an EIDL was determined, in part, by the applicant's representations in the EIDL application about the nature of the applicant's business and the applicant's statements about employees, and revenue. Any funds paid under an EIDL were issued directly by the SBA from CARES Act appropriations by Congress.

7. EIDL applicants were also obligated to provide true and correct information in response to requests by the SBA as part of the EIDL vetting process, such as requests to clarify business ownership and requests to provide genuine payroll tax documents such as IRS Forms 940, 941, or W3 "Transmittal of Wage and Tax Statements."

8. In March 2021, the American Rescue Plan Act became law and established the Restaurant Revitalization Fund ("RRF") for which Congress appropriated $28.6 billion for the SBA to award emergency assistance to qualifying businesses that served food or drink, essentially restaurants. Entitlement was substantially based on pandemic-caused revenue loss. The RRF was a conditional grant program, meaning that RRF recipients were not required to repay the funds so long as those funds were used for specific expenses and by a certain deadline.

9. RRF applicants submitted personal and business information, typically through an online SBA portal, in support of each RRF application. Among other things, applicants were required to list all owners of 20% or more of the business. The listing for each owner required the owner's Employer Identification Number ("EIN"), Social Security number, or "Individual Taxpayer Identification Number."

10. The SBA prioritized RRF awards to small businesses at least 51% owned and controlled by women, veterans, and/or the socially and economically disadvantaged.

11. RRF recipients were required to certify that they would use RRF proceeds for normal business operations such as for payroll costs, health care, business mortgages or rent. Recipients were then required to submit a "post-award report" in which they certified that their RRF proceeds were used in compliance with the program.

B. THE SCHEME TO DEFRAUD

12. Beginning in or about January 2021 and continuing through at least in or about December 2021, in Los Angeles County, within the Central District of California, and elsewhere, defendant TERZYAN, together with others unknown to the Grand Jury, each aiding and abetting the other, knowingly and with the intent to defraud, devised, participated in, and executed a scheme to defraud the SBA and the United States Treasury as to material matters, and to obtain money and property from SBA and the United States Treasury, namely, EIDL and RRF benefits, by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

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

a. Defendant TERZYAN filed and caused to be filed EIDL and RRF applications on Grub House's behalf, including an application to modify Grub House's EIDL to request a larger amount, that falsely and fraudulently stated Grub House's income and expenses, and falsely certified that Grub House would use the EIDL and RRF funds for expenses and business purposes authorized under the EIDL and RRF programs, knowing those statements were false and intending that the SBA would rely on those material false statements.

b. In reliance on defendant TERZYAN’s material false statements, representations, and certifications, the SBA approved Grub House for an EIDL and RRF grant, and funded those loan and grant proceeds through electronic deposits into JPMC 3502.

c. Defendant TERZYAN fraudulently misused those EIDL and RRF proceeds for personal and other uses impermissible under the terms of the EIDL and RRF programs for which Grub House applied.

C. USE OF THE WIRES

14. On or about the following dates, in Los Angeles County, within the Central District of California, and elsewhere, defendant TERZYAN, together with others known and unknown to the Grand Jury, for the purpose of executing the above-described scheme to defraud, caused the transmission of the following wire communications in interstate commerce:

COUNT	DATE	WIRING
ONE	1/30/2021	Electronic submission of Grub House EIDL application
TWO	3/4/2021	Electronic submission of federal income tax transcript for Grub House
THREE	3/29/2021	Electronic submission of Grub House LA&A
FOUR	4/2/2021	Wire transfer of Grub House EIDL proceeds of $149,900 to JPMC 3502
FIVE	4/7/2021	Telephone call from defendant TERZYAN to SBA requesting EIDL modification
SIX	5/11/2021	Electronic submission of application for Grub House RRF
SEVEN	5/28/201	Wire transfer of Grub House RRF proceeds of $1,864,830 to JPMC 3502

COUNTS EIGHT THROUGH EIGHTEEN

[18 U.S.C. §§ 1957(a), 2]

15. The Grand Jury realleges paragraphs 1 through 11 and 13 of this Indictment here.

16. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant TERZYAN, knowing that the funds involved represented the proceeds of some form of unlawful activity, engaged in and willfully caused others to engage in the following monetary transactions, in and affecting interstate commerce, in criminally derived property of a value greater than $10,000, which property, in fact, was derived from specified unlawful activity, namely, wire fraud, committed in violation of Title 18, United States Code, Section 1343, as charged in Counts One through Seven, inclusive, of this Indictment:

COUNT	DATE	MONETARY TRANSACTION
EIGHT	4/6/2021	Check no. 1199 for $24,970 from JPMC 3502 to Humboldt Wholesale
NINE	6/4/2021	Check no. 1198 for $32,597 from JPMC 3502 to Humboldt Wholesale
TEN	6/4/2021	Check no. 1197 for $27,433 from JPMC 3502 to Humboldt Wholesale
ELEVEN	7/6/2021	Check no. 1244 for $27,440 from JPMC 3502 to M.L.J.
TWELVE	7/7/2021	Check no. 1243 for $22,560 from JPMC 3502 to M.L.J.
THIRTEEN	7/12/2021	Check no. 1233 for $30,275 from JPMC 3502 to Standard Home Lending
FOURTEEN	7/13/2021	Check no. 1234 for $29,725 from JPMC 3502 to Standard Home Lending
FIFTEEN	7/14/2021	Check no. 1235 for $18,440 from JPMC 3502 to Ikon Development Corp.
SIXTEEN	7/15/2021	Check no. 1236 for $21,560 from JPMC 3502 to Ikon Development Corp.
SEVENTEEN	7/15/2021	Check no. 1249 for $22,700 from JPMC 3502 to M.A.
EIGHTEEN	7/30/2021	Check no. 1269 for $42,330 from JPMC 3502 to TT Trade Inc.

FORFEITURE ALLEGATION ONE

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

17. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of the defendant’s conviction of the offenses set forth in any of Counts One through Seven of this Indictment.

18. The defendant, if so convicted, shall forfeit to the United States of America the following:

(a) All right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

19. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the defendant, if so convicted, shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of the defendant, the property described in the preceding paragraph or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty.

FORFEITURE ALLEGATION TWO

[18 U.S.C. § 982 (a)(1)]

20. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice is hereby given that the United States will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 982(a)(1), in the event of the defendant's conviction of the offenses set forth in any of Counts Eight through Eighteen of this Indictment.

21. The defendant, if so convicted, shall forfeit to the United States of America the following:

(a) Any property, real or personal, involved in such offense, and any property traceable to such property; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

22. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 18, United States Code, Section 982(b)(2), the defendant, if so convicted, shall forfeit substitute property, if, by any act or omission of the defendant, the property described in the preceding paragraph, or any portion thereof: (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty. Substitution of assets shall not be ordered, however, where the convicted defendant acted merely as an intermediary who handled but did not retain the property in the

course of the money laundering offense unless the defendant, in committing the offense or offenses giving rise to the forfeiture, conducted three or more separate transactions involving a total of $100,000.00 or more in any twelve-month period.

A TRUE BILL

/S/
Foreperson

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