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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

SARKIS SARKISYAN,
aka "Samuel Shan,"

Defendant.

No. 2:25-CR-00458-CV-2

GOVERNMENT'S SENTENCING POSITION FOR DEFENDANT SARKIS SARKISYAN

Hearing Date: August 28, 2026
Hearing Time: 10:30 a.m.
Location: 10B

[*Filed Concurrently with Declaration of Special Agent Eric Ley*]

Plaintiff United States of America, by and through its counsel of record, the First Assistant United States Attorney for the Central District of California and Assistant United States Attorney Andrew M. Roach, hereby files the Government's Sentencing Position for Defendant Sarkis Sarkisyan.

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This sentencing position is based upon the attached memorandum of points and authorities, the files and records in this case, and such further evidence and argument as the Court may permit.

Dated: August 11, 2026

Respectfully submitted,

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*/s/ Andrew M. Roach*
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# MEMORANDUM OF POINTS AND AUTHORITIES

## I. INTRODUCTION

Defendant Sarkis Sarkisyan pleaded guilty to two counts of wire fraud related to defendant's fraudulent application and receipt of a Paycheck Protection Program ("PPP") loan for over $786,000, and one count of transactional money laundering for making a wire transfer of $25,000 from the proceeds of bank and wire fraud. But that is less than half of defendant's true criminal conduct in this scheme. In reality, defendant and his co-schemers defrauded the federal government out of millions of dollars. Beyond the PPP fraud that he pleaded guilty to in his plea agreement, defendant and co-schemers Vahe Margaryan, aka "William McGrayan," and Aksel Markaryan, aka "Axel Mark," also fraudulently applied for U.S. Small Business Administration Preferred Lender Program ("PLP") loans. Defendant personally applied for two separate PLP loans -- totaling over $4,080,000 -- and in the process submitted false applications and made false misrepresentations that he would purportedly use one loan to purchase a straw company from a straw seller or use another loan for the non-existent business. All of this was fraud, with the total losses amounting to $4,866,457 in taxpayer funds -- and all of this is relevant conduct for sentencing.

As part of the plea agreement, the government agreed to not argue for a Total Offense Level higher than 23, based on an agreement to not seek a loss amount higher than the 16-level enhancement under U.S.S.G. § 2B1.1(b)(1)(I) for a loss between $1.5 million and $3.5 million. (Dkt. 301 at 8.) The government stands by the plea agreement and its agreed-upon Sentencing Guidelines. It recommends that the Court adopt a Total Offense Level of 23. With a Total

Offense Level of 23 and Criminal History Category III, defendant's resulting advisory Guidelines are 57 to 71 months' imprisonment.

The government recommends the Court impose a Guidelines sentence of 70 months, followed by three years of supervised release, and order defendant to pay $4,866,457 in restitution and the special assessment of $300.

## II. STATEMENT OF FACTS

Defendant was involved in multiple fraudulent loan schemes: (1) a PPP loan scheme, (2) PLP loan scheme, and (3) an Economic Injury Disaster Loan ("EIDL") loan scheme. Defendant only admitted to his involvement in the PPP loan scheme and transactional money laundering as part of his plea agreement, but the evidence shows that he was also involved in other loan fraud.

### A. Defendant's Admitted Conduct in Plea Agreement: The PPP Loan Scheme and Transactional Money Laundering[1]

On April 14, 2021, during the midst of the Covid-19 pandemic, defendant submitted online to JPMorgan Chase Bank ("JPMC") a PPP loan application on behalf of his business, Prime Funding, Inc. ("Prime"), which fraudulently stated that the purpose of the PPP loan was to cover Prime's payroll costs for 57 employees at an average monthly payroll of $314,583. In reality, however, Prime did no business, had no employees or employee salaries to pay, and had no monthly payroll expenses -- all things defendant knew.

In further support of Prime's PPP loan application, defendant:

a. caused to be fabricated, and then submitted to JPMC, fraudulent Internal Revenue Service Forms 941 (quarterly

[1] The facts underlying defendant's PPP loan fraud scheme are from defendant's plea agreement, see Dkt. 301 at 27-32.

payroll tax returns) that purported to show that Prime had incurred and paid substantial employee taxes. Defendant then well knew that such returns were fraudulent because Prime had neither employees nor paid any employee taxes; and

b. fabricated and then submitted to JPMC fraudulent payroll reports purportedly prepared by a third-party payroll processor that falsely identified wages of more than $1.5 million paid to 56 Prime employees whose job titles included "customer service," "sales," or "admin." Defendant then well knew that the reports were fraudulent because, among other things, Prime had no employees.

Defendant signed the Prime PPP loan application, electronically transmitted it to JPMC, and certified that PPP loan proceeds would only be used by Prime to retain employees or for other permissible business expenses, when defendant then well knew and intended that none of the PPP loan proceeds would be used for the approved purposes.

In reliance on defendant's material false statements and fictitious documents, JPMC approved the Prime application and funded the loan of $786,457 by wire transferring the proceeds to an account solely controlled by defendant.

Then, on June 30, 2022, defendant submitted an application for forgiveness of the entire Prime PPP loan which falsely certified that Prime's payroll costs for the period covered by the Prime PPP loan were more than $1.5 million, a figure that defendant then well knew was entirely fraudulent because Prime had no employees at all. This false certification was capable of influencing JPMC to forgive the

Prime PPP loan -- and it did forgive the loan -- and thus part with money. See generally Presentence Report (PSR) (Dkt. 357), ¶¶ 34-39.

Transactional Money Laundering

On June 28, 2023, defendant caused co-defendant Margaryan to wire transfer $25,000 to a Prime account at JPMC that defendant solely controlled, the source of which was proceeds of an SBA-guaranteed loan in the amount of $2.83 million for defendant to purchase a straw entity called Dynamic Delivery Install, Inc. At the time, defendant knew that Dynamic Delivery Install, Inc., was a shell entity that did no business, that the $25,000 wire transfer involved criminally derived property, and that the transfer was designed to conceal the commission of that wire fraud scheme. See generally PSR ¶ 47.

**B. Defendant's PLP Loan Scheme**

Defendant also applied for and received two fraudulent PLP loans: (1) a loan for $2,830,000 on behalf of his shell company Dynamic IT Solutions for the purported purchase of Dynamic Delivery Install, Inc. and (2) a separate loan for $1,250,000 for Dynamic Delivery Install, Inc. See PSR ¶¶ 40-46.

The Complaint in Case No. 2:25-MJ-03132 outlines the facts supporting defendant's fraud with respect to his $2,830,000 loan on behalf of his shell company Dynamic IT Solutions for the purported purchase of Dynamic Delivery Install. See Complaint, Case No. 2:25-MJ-03132 ("Compl."), ¶¶ 35-55. In essence, in June 2023, defendant submitted documents which concealed his criminal background, lied about his work history, falsified bank statements by inflating the amount of money defendant had in his bank account, and filed fake tax returns in his business name, to apply for a loan for $2,830,000 to buy the fake shell company Dynamic Delivery Install from co-defendant Markaryan. The loan was approved and the funds ultimately went to co-defendant Markaryan. Compl. ¶ 52.

Defendant essentially did the same thing three months later, with a second loan, this one for $1,250,000 on behalf of the newly acquired shell company Dynamic Delivery Install. (Ex. 1 (Declaration of Eric Ley (Ley Decl.)), ¶ 4; PSR ¶¶ 48-49.)

**C. Defendant's Attempted EIDL Loans**

Beyond these three approved loans, defendant also submitted two separate applications for Economic Injury Disaster Loans ("EIDL") from the SBA in the amount of $500,000 each. Those funds were never ultimately funded, but defendant's applications can be considered additional intended loss. (Ley Decl. ¶ 5.)

**D. Total Loan Proceeds**

Defendant therefore received a total of $4,866,457 from the three loans that he applied for and were funded. Defendant received the PPP loan funds directly into his bank account, while the PLP loans went into the bank account of co-defendant Markaryan. Those funds were transferred to a variety of entities with most of those funds believed to have returned to defendant through various transfers. The investigation revealed that certain less knowledgeable co-schemers received as much as 75% of the loans they applied for and received. (Ley Decl. ¶6.) Applying this conservative number to defendant's loans, the government estimates that defendant likely personally profited over $3.5 million from these loans, with the remainder of funds going to various co-schemers.

## III. PRESENTENCE REPORT AND GUIDELINE CALCULATION

### A. Probation's Calculation and Recommendation

The PSR, filed on August 6, 2026 (Dkt. 357), calculates defendant's Guidelines as follows (PSR ¶¶ 64-82):

| | | |
|---|---|---|
| Base Offense Level: | 7 | U.S.S.G. § 2B1.1(a)(1) |
| Specific Offense Characteristics: | | |
| - Loss amount between $3.5 million and $9.5 million | +18 | U.S.S.G. § 2B1.1(b)(1)(J) |
| - Sophisticated means | +2 | U.S.S.G. § 2B1.1(b)(10)(C) |
| - Money laundering conviction under 18 U.S.C. § 1957 | +1 | U.S.S.G. § 2S1.1(b)(2)(A) |
| Adjust Offense Level (Subtotal) | 28 | |
| Acceptance of Responsibility | -3 | U.S.S.G. § 3E1.1 |
| **Total Offense Level** | **25** | |

Defendant has six criminal history points, placing him in Criminal History Category III. (PSR ¶¶ 97-98.) With a Total Offense Level of 25 and Criminal History Category of III, the PSR calculates defendant's resulting sentencing guidelines at 70 to 87 months' imprisonment.

The probation officer recommends that defendant be sentenced 70 months' imprisonment, followed by three years of supervised release, and ordered to pay restitution in the amount of $4,866,457 and the special assessment of $300. (Dkt. 356.)

### B. The Parties' Agreed-Upon Guidelines Calculation

Consistent with the plea agreement, the government recommends the following Guidelines calculation:

| | | |
|---|---|---|
| Base Offense Level: | 7 | U.S.S.G. § 2B1.1(a)(1) |
| Specific Offense Characteristics: | | |

| | | |
|---|---|---|
| - Loss amount between $1.5 million and $3.5 million | +16 | U.S.S.G. § 2B1.1(b)(1)(I) |
| - Sophisticated means | +2 | U.S.S.G. § 2B1.1(b)(10)(C) |
| - Money laundering conviction under 18 U.S.C. § 1957 | +1 | U.S.S.G. § 2S1.1(b)(2)(A) |
| Adjust Offense Level (Subtotal) | 26 | |
| Acceptance of Responsibility | -3 | U.S.S.G. § 3E1.1 |
| **Total Offense Level** | **23** | |

The government agreed in the plea agreement to not seek any further specific offense characteristics (other than the 16-level enhancement for loss under U.S.S.G. § 2B1.1(b)(1)(I), which the evidence supports, as explained above). (Dkt. 301 at 9.) The government also reserved the right to seek a sentence outside of the Guidelines range.

With a Total Offense Level of 23 and Criminal History Category of III, the defendant's resulting sentencing guidelines under this calculation would be 57 to 71 months' imprisonment.

## IV. ARGUMENT

### A. Recommended Sentence of 70 Months

The government recommends defendant be sentenced to a total sentence of 70 months' imprisonment, followed by three years of supervised release, and ordered to pay $4,866,457 in restitution and the special assessment of $300. This recommendation is sufficient, but not greater than necessary, to achieve the 18 U.S.C. § 3553(a) factors, namely, the nature and circumstances of the offense, the history and characteristics of defendant, and the need for the sentence to reflect the seriousness of the offense and to afford adequate deterrence to criminal conduct.

First, the nature and circumstances of defendant's offense demands a 70-month sentence. Defendant admittedly participated in a massive scheme to defraud multiple banks and, ultimately, taxpayers, out of almost $5 million in funds from lending programs designed to benefit small businesses and those in need during the Covid-19 pandemic. This was not a simple matter of making false statements about a job or income; it involved fabricating out of whole cloth businesses to make them appear legitimate entities whose funds taxpayers would expect to be an engine for the greater economy or in need of dire assistance during the pandemic. Defendant and his co-schemers exploited the goodwill of lenders and taxpayers and then, via repeated money laundering activity, concealed their fraud.

Another factor that calls for a 70-month sentence is the loss amount. Defendant was personally involved in the theft of nearly $5 million in taxpayer funds. The government's agreed-upon Guidelines calculation in the plea agreement, which the government stands by, does not fully account for this loss because the government agreed to argue for no more than a loss of $3.5 million when the true loss is nearly $5 million. Given the government's agreement to not seek a higher Guideline calculation for loss amount, defendant deserves to be sentenced at the high-end of the parties' agreed-upon range to account for the true loss amount.

Second, defendant's history and circumstances also warrant a stiff custodial sentence. Defendant's past frauds warrant consideration. Defendant has a history of credit card skimming and other offenses. Defendant's prior fraud convictions and his decision to continue to commit fraud through both PPP-loan and SBA-loan fraud is troubling and demands a more significant sentence to deter him in the future.

Another troubling aspect of defendant's history and circumstances is defendant's continued fraud by way of unexplained lavish lifestyle, mysterious tax filings, and questionable finances that is an undercurrent theme in the PSR. This information suggests that defendant has not changed his ways and is attempting to pull off yet another fraud on this Court.

The PSR, for example, details how defendant and his family were living in a "lavishly furnished" residence with a "brand new" Mercedes Benz parked in the driveway that apparently was his ex-wife's car. PSR ¶¶ 114. This alone raises certain questions that are only compounded by defendant's failure to disclose other basic financial information. Defendant's failure to disclose his ex-wife's financial information, who by all accounts he still lives with and appears to hold out as his wife, raises the question of whether defendant is having her hide assets for him. PSR ¶ 143(c). His failure to disclose other basic information, like what kind of car he is driving, which is a reasonable question given his wife's brand new Mercedes, is evidence that he continues to conceal the truth. PSR ¶ 143(c). And defendant's complete failure to disclose his ownership in other corporate entities is very concerning given that corporate entities are an instrumentality of the crime. PSR ¶ 143(d).

Defendant's tax returns also show evidence of potential fraud. Defendant reports very little in wage or business income for tax years 2023, 2024, and 2025. PSR ¶ 145. The bulk of his earnings purportedly come from gambling winnings, over $500,000 for each tax year, which are then quickly offset by gambling losses of nearly the same, leaving his tax liability around $10,000 per year.[2] Id. Describing unexplained large amounts of cash as "gambling winnings" to banks and IRS is questionable. And while this money could actually be the result of gambling, it's equally plausible that defendant is using this as a sham: To try to launder and legitimize his significant and illicit cash dealings by claiming large gambling winnings on paper which he avoids paying taxes on by simultaneously claiming large gambling losses.

Needless to say, all of this raises significant questions and leads to the probation officer's well-supported conclusion that defendant "appears to have undisclosed [financial] assets." PSR ¶ 150. Defendant's continued actions in this regard underscore what appears to be a life of fraud far beyond this case. He is thus more than deserving of the 70-month sentence the government recommends.

Next, the need for the sentence to reflect the seriousness of the offense, promote respect for the law, provide just punishment, and afford adequate deterrence is appropriately accounted for with a 70-month sentence. In particular, a sufficiently strong sentence is also necessary for both specific deterrence and, more importantly, general deterrence. Due to defendant's prior criminal history, there is a strong possibility that he will reoffend in the future. So specific deterrence is a consideration. General deterrence is also important and it demands a sizeable sentence: People must know that theft of taxpayer funds will be caught and prosecuted to the fullest extent of the law.

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[2] Under the Internal Revenue Code, gambling losses are deductible only to the extent of winnings. Therefore, a gambler needs to disclose $100 in winnings to claim $100 in losses. The net of this would be a potential zero tax liability.

Finally, § 3553(a)(6) requires a court to impose a sentence to avoid unwarranted sentence disparities among defendants with similar records who have been found guilty of similar conduct.

The government recommends a guidelines sentence here because it is the best way to avoid unwarranted sentencing disparity. Based on U.S. Sentencing Commission's Judiciary Sentencing Information,[3] the average and median lengths of imprisonment for defendants at this offense level (23), Guideline (U.S.S.G. § 2S1.1), and criminal history, is approximately 41 and 48 months, respectively. The government is mindful that this data shows that approximately 33% of defendants received a Guidelines sentence, while 47% received a downward departure or variance, and the remaining received upward departures or credit under U.S.S.G. § 5K1.1 or an upward variance. The government does not recommend any further variance because the Guidelines calculation that it has agreed to is already a concession in that it does not include (1) the additional two levels for loss if the true loss amount of between $3.5 million to $9.5 million was applied, triggering the 18-level enhancement under U.S.S.G. §2B1.1(b)(1)(J), and (2) an additional two-level enhancement for receiving over $1 million in gross receipts from a financial institution under U.S.S.G. § 2B1.1(b)(17)(A). The government is not mentioning this to ask the Court to impose these particular Guidelines enhancements, it simply points out these facts as they cut against any variance.

[3] See https://jsin.ussc.gov/.

**B. Three Years of Supervised Release is Appropriate**

The government recommends the Court impose three years of supervised release. Such supervision is essential to ensure that defendant remains on a law-abiding path and to protect the public should defendant stray, especially given defendant's prior criminal history.

**C. Fine and Special Assessment**

The government does not recommend the imposition of a fine because defendant has established that he is unable to pay and is not likely to become able to pay any fine. However, a special assessment of $300 is mandatory.

**D. Restitution**

The government recommends the Court order defendant to pay $4,866,457 in restitution to the SBA.

**V. CONCLUSION**

For the foregoing reasons, the government recommends a 70-month sentence, followed by three years of supervised release, and that defendant be ordered to pay $4,866,457 in restitution and the special assessment of $300.