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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

November 2021 Grand Jury

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
RAGHAVENDER REDDY BUDAMALA,  
aka "Reddy Raghav Budamala,"  
  
Defendant.

CR 2:22-cr-00077-ODW

I N D I C T M E N T

[18 U.S.C. § 1344(2): Bank Fraud;  
18 U.S.C. § 1343: Wire Fraud; 18  
U.S.C. § 1957: Transactional Money  
Laundering; 18 U.S.C. § 982:  
Criminal Forfeiture]

The Grand Jury charges:

COUNTS ONE THROUGH SIX

[18 U.S.C. §§ 1344(2), 2(b)]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

1. Defendant RAGHAVENDER REDDY BUDAMALA, also known as "Reddy Raghav Budamala," resided in Irvine, California.

2. Defendant BUDAMALA was the manager of Hayventure LLC ("Hayventure"), Pioneer LLC ("Pioneer"), and XC International LLC ("XC International"), three shell companies with no substantial business operations or employees.



1 Newtek, and AEF -- administered the loans. The approved lenders  
2 received and processed the PPP applications and supporting  
3 documentation, then made the loans using their own funds.

4 B. THE SCHEME TO DEFRAUD

5 9. Beginning in or about March 2020, and continuing through in  
6 or about February 2022, in Los Angeles and Orange Counties, within  
7 the Central District of California, and elsewhere, defendant  
8 BUDAMALA, together with others known and unknown to the Grand Jury,  
9 knowingly and with intent to defraud, devised, participated in,  
10 executed, and attempted to execute a scheme to obtain money and  
11 property owned by and in the custody and control of Celtic, Radius,  
12 Newtek, AEF, and the SBA by means of material false and fraudulent  
13 pretenses, representations, and promises, and the concealment of  
14 material facts.

15 10. The fraudulent scheme operated and was carried out, in  
16 substance, as follows:

17 Hayventure

18 a. On or about April 30, 2020, defendant BUDAMALA applied  
19 to Celtic for a PPP loan on behalf of Hayventure, stating on the  
20 application that he was the sole owner of Hayventure. On the loan  
21 application, defendant BUDAMALA falsely represented to Celtic and the  
22 SBA, among other things, that Hayventure had 10 employees and monthly  
23 payroll of \$94,639. In support of the application, defendant BUDAMALA  
24 submitted to Celtic a forged bank statement and false Internal  
25 Revenue Service ("IRS") Forms 941 ("Forms 941").

26 b. Defendant BUDAMALA caused Celtic to rely on the false  
27 representations and certifications defendant BUDAMALA made on the  
28 Hayventure PPP loan application, and on or about May 4, 2020, to

1 credit an Azlo Bank ("Azlo") account ending in 5756, that defendant  
2 BUDAMALA had opened in the name of Hayventure ("Azlo 5756"), with  
3 \$236,597 in PPP loan proceeds.

4 c. On or about September 14, 2021, defendant BUDAMALA  
5 applied to Celtic and the SBA to have the Hayventure PPP loan  
6 forgiven. On the forgiveness application, defendant BUDAMALA falsely  
7 represented, among other things, that Hayventure had 10 employees at  
8 the time of the forgiveness application, and that Hayventure used all  
9 of the PPP loan proceeds on payroll costs. In support of the  
10 forgiveness application, defendant BUDAMALA submitted to Celtic false  
11 documents including false payroll summaries.

12 **Pioneer**

13 d. On or about June 4, 2020, defendant BUDAMALA acquired  
14 Pioneer, a shell company with no substantial business operations or  
15 employees.

16 e. On or about June 10, 2020, defendant BUDAMALA applied  
17 to Radius for a PPP loan on behalf of Pioneer ("the first Pioneer  
18 loan"). On the first Pioneer loan application, defendant BUDAMALA  
19 falsely represented to Radius and the SBA, among other things, that  
20 Pioneer had 33 employees and monthly payroll of \$264,000. In support  
21 of the first Pioneer loan application, defendant BUDAMALA submitted  
22 to Radius false documents, including false Forms 941.

23 f. Defendant BUDAMALA caused Radius to rely on the false  
24 representations and certifications defendant BUDAMALA made on the  
25 first Pioneer loan application and, on or about June 24, 2020, to  
26 credit an Azlo account ending in 7635, that defendant BUDAMALA had  
27 opened in the name of Pioneer ("Azlo 7635"), with \$660,000 in PPP  
28 loan proceeds.

1 g. On or about October 7, 2020, defendant BUDAMALA  
2 applied to Radius and the SBA to have the first Pioneer loan  
3 forgiven. On the forgiveness application, defendant BUDAMALA falsely  
4 represented, among other things, that Pioneer had 33 employees at the  
5 time of both the loan and forgiveness applications, and that Pioneer  
6 used all of the PPP loan proceeds on payroll costs. In support of the  
7 forgiveness application, defendant BUDAMALA submitted to Radius false  
8 payroll summaries, a false Form 941, and false profit and loss  
9 statements.

10 h. On or about January 20, 2021, defendant BUDAMALA  
11 applied to Radius for a second PPP loan on behalf of Pioneer ("the  
12 second Pioneer loan"). On the second Pioneer loan application,  
13 defendant BUDAMALA falsely represented to Radius and the SBA, among  
14 other things, that Pioneer had 33 employees and monthly payroll  
15 expenses of \$264,000. In support of the second Pioneer loan  
16 application, defendant BUDAMALA submitted to Radius a forged letter  
17 from Azlo, a false Form 941, and false payroll summaries.

18 i. Defendant BUDAMALA caused Radius to rely on the false  
19 representations and certifications defendant BUDAMALA made on the  
20 second Pioneer loan application and, on or about March 3, 2021, to  
21 credit Azlo 7635 with \$660,000 in PPP loan proceeds.

22 **XC International**

23 j. On or about August 6, 2020, defendant BUDAMALA applied  
24 to Newtek for a PPP loan on behalf of XC International ("the first XC  
25 International loan"). On the first XC International loan application,  
26 defendant BUDAMALA falsely represented to Radius and the SBA, among  
27 other things, that XC International had 42 employees and monthly  
28 payroll of \$637,000. In support of the first XC International loan

1 application, defendant BUDAMALA submitted to Newtek a forged letter  
2 from Azlo, a false Form 941, and false payroll summaries.

3 k. Defendant BUDAMALA caused Newtek to rely on defendant  
4 BUDAMALA's false representations and certifications on the first XC  
5 International loan application, and on or about August 10, 2020, to  
6 credit Azlo 5756 with \$1,592,500 in PPP loan proceeds.

7 l. On or about August 10, 2020, four days after he had  
8 applied for the first XC International loan, defendant BUDAMALA  
9 acquired XC International, a shell company with no substantial  
10 business operations or employees.

11 m. On or about February 2, 2021, defendant BUDAMALA  
12 applied to Newtek for a second PPP loan on behalf of XC  
13 International. On the loan application, defendant BUDAMALA falsely  
14 represented to Newtek and the SBA, among other things, that XC  
15 International had 42 employees and monthly payroll expenses of  
16 \$637,000. In support of this application, defendant BUDAMALA  
17 submitted to Newtek false documents, including false payroll  
18 summaries and false profit and loss statements.

19 n. On or about March 19, 2021, following Newtek's denial  
20 of XC International's second PPP loan application, defendant BUDAMALA  
21 applied to AEF for a second PPP loan on behalf of XC International  
22 ("the second XC International loan"). On the loan application,  
23 defendant BUDAMALA falsely represented to AEF and the SBA, among  
24 other things, that XC International had 42 employees with an average  
25 monthly payroll of \$737,000. In support of the application, defendant  
26 BUDAMALA submitted to AEF a forged Azlo bank statement, a forged  
27 letter from Azlo, and false Forms 941.

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1           o. Defendant BUDAMALA caused AEF to rely on the false  
2 representations and certifications defendant BUDAMALA made on the  
3 second XC International loan application, and on or about March 30,  
4 2021, to credit Azlo 5756 with \$1,842,500 in PPP loan proceeds.

5                           **Fraudulent Expenditure of Loan Proceeds**

6           p. Once Celtic, Radius, Newtek, and AEF funded the PPP  
7 loans to Hayventure, Pioneer, and XC International, defendant  
8 BUDAMALA -- in contravention of his promises on the PPP loan  
9 applications to spend the loan proceeds on supporting those  
10 companies' payroll and operations -- used the SBA loan proceeds for  
11 personal expenditures, including to pay for personal retail  
12 purchases, living expenses, and personal legal expenses; purchase  
13 real estate for investment purposes; and fund investment accounts  
14 including, an account at TD Ameritrade, that defendant BUDAMALA held  
15 personally.

16 C.       **EXECUTIONS OF THE FRAUDULENT SCHEME**

17           11. On or about the following dates, in Los Angeles and Orange  
18 Counties, within the Central District of California, and elsewhere,  
19 defendant BUDAMALA committed and willfully caused others to commit  
20 the following acts, each of which constituted an execution or  
21 attempted execution of the fraudulent scheme:

COUNT	DATE	ACT
ONE	4/30/20	Submission of an application for a PPP loan to Celtic in the name of Hayventure (Execution).
TWO	6/10/20	Submission of an application for a PPP loan to Radius in the name of Pioneer (Execution).
THREE	8/6/2020	Submission of an application for a PPP loan to Newtek in the name of XC International (Execution).

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COUNT	DATE	ACT
FOUR	1/20/2021	Submission of an application for a PPP loan to Radius in the name of Pioneer (Execution).
FIVE	2/2/2021	Submission of an application for a PPP loan to Newtek in the name of XC International (Attempted Execution).
SIX	3/19/2021	Submission of an application for a PPP loan to AEF in the name of XC International (Execution).



COUNT SEVEN

[18 U.S.C. § 1343]

12. The Grand Jury realleges paragraphs 1 through 8 and 10 of this Indictment here.

A. INTRODUCTORY ALLEGATIONS

**Economic Injury Disaster Loan Program**

At times relevant to this Indictment:

13. An Economic Injury Disaster Loan ("EIDL") was an SBA-administered loan program designed to provide assistance to small businesses that suffered substantial economic injury as a result of a declared disaster. An EIDL loan helped businesses meet financial obligations that could have been met had the disaster not occurred. It provided relief from economic injury that the disaster caused and permitted businesses to maintain a reasonable working capital position during the disaster period.

14. In March 2020, due to the COVID-19 pandemic, the SBA issued an Economic Injury Disaster Loan declaration. The declaration made EIDL loans available nationwide to small businesses to help alleviate the economic injury that COVID-19 caused.

B. THE SCHEME TO DEFRAUD

15. Beginning in or about March 2020, and continuing through in or about February 2022, in Los Angeles and Orange Counties, within the Central District of California, and elsewhere, defendant BUDAMALA, together with others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud the SBA as to material matters, and to obtain moneys, funds, assets, and other property owned by and in the custody and control of the SBA by means of material false and

1 fraudulent pretenses, representations, and promises, and the  
2 concealment of material facts.

3 16. The fraudulent scheme operated and was carried out, in  
4 substance, as follows:

5 a. On or about June 18, 2020, defendant BUDAMALA  
6 electronically applied to the SBA for an EIDL loan on behalf of  
7 Hayventure. On the loan application, defendant BUDAMALA falsely  
8 represented to the SBA, among other things, that Hayventure had 13  
9 employees, that Hayventure had \$264,000 in monthly payroll expenses,  
10 and that he would use the loan proceeds for the operation of  
11 Hayventure.

12 b. Defendant BUDAMALA caused the SBA, through the United  
13 States Department of the Treasury, to rely on defendant BUDAMALA's  
14 false representations and certifications in the Hayventure EIDL  
15 application, and on or about June 22, 2020, to credit Azlo 5756 with  
16 \$149,900 in EIDL loan proceeds.

17 C. USE OF THE WIRES

18 17. On or about June 18, 2020, in Los Angeles and Orange  
19 Counties, within the Central District of California, and elsewhere,  
20 for the purpose of executing the above-described scheme to defraud,  
21 defendant BUDAMALA transmitted and caused the transmission of an  
22 electronic application to the SBA for an EIDL loan on behalf of  
23 Hayventure by means of wire and radio communication in interstate  
24 commerce.

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COUNTS EIGHT THROUGH TEN

[18 U.S.C. §§ 1957, 2(b)]

18. The Grand Jury realleges paragraphs 1 through 8, 10, 12, and 13 of this Indictment here.

19. On or about the dates set forth below, in Los Angeles and Orange Counties, within the Central District of California, and elsewhere, defendant BUDAMALA, 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 criminally derived property of a value greater than \$10,000, which property, in fact, was derived from specified unlawful activity, namely, bank fraud, committed in violation of Title 18, United States Code, Section 1344(2), as charged in Counts One through Six of this Indictment, and wire fraud, committed in violation of Title 18, United States Code, Section 1343, as charged in Count Seven of this Indictment:

COUNT	DATE	MONETARY TRANSACTION
EIGHT	03/29/2021	Transfer of \$970,000 from a Citibank account ending 4850 in the name of defendant BUDAMALA ("Citibank 4850") to a First Midwest Bank NA account in the name of Company 1.
NINE	07/02/2021	Transfer of \$578,115 from Citibank 4850 to a Comerica Bank California account in the name of Company 2.
TEN	07/27/2021	Transfer of \$1,211,487.30 from Citibank 4850 to a First American Trust FSB account in the name of Company 3 for a real estate investment.

FORFEITURE ALLEGATION ONE

[18 U.S.C. § 982]

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3 1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal  
4 Procedure, notice is hereby given that the United States of America  
5 will seek forfeiture as part of any sentence, pursuant to Title 18,  
6 United States Code, Section 982(a)(2), in the event of the  
7 defendant's conviction of the offenses set forth in any of Counts One  
8 through Seven of this Indictment.

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

11 (a) All right, title and interest in any and all property,  
12 real or personal, constituting, or derived from, any proceeds  
13 obtained, directly or indirectly, as a result of the offense; and

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

17 3. Pursuant to Title 21, United States Code, Section 853(p),  
18 as incorporated by Title 18, United States Code, Section 982(b), the  
19 defendant, if so convicted, shall forfeit substitute property, up to  
20 the total value of the property described in the preceding paragraph  
21 if, as the result of any act or omission of the defendant, the  
22 property described in the preceding paragraph, or any portion  
23 thereof: (a) cannot be located upon the exercise of due diligence;  
24 (b) has been transferred, sold to or deposited with a third party;  
25 (c) has been placed beyond the jurisdiction of the court; (d) has  
26 been substantially diminished in value; or (e) has been commingled  
27 with other property that cannot be divided without difficulty.  
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FORFEITURE ALLEGATION TWO

[18 U.S.C. § 982]

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

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

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

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

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

