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**Department of Justice**

U.S. Attorney's Office

Central District of California

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FOR IMMEDIATE RELEASE

Friday, February 25, 2022

## **Irvine Man Arrested on Charge Alleging He Fraudulently Obtained More Than \$5 Million in COVID-Relief Loans for Sham Companies**

*LOS ANGELES* – An Orange County man who fled after authorities searched his residence on Wednesday is in federal custody today after he was arrested at the U.S.-Mexico border and charged with fraudulently obtaining more than \$5 million in COVID-relief loans for three sham companies.

Reddy Raghav Budamala, 35, of Irvine, was arrested at the border early Thursday morning by federal law enforcement and made his initial court appearance Thursday afternoon in the United States District Court in Los Angeles. At that hearing, a United States Magistrate Judge ordered Budamala held without bond because he posed a flight risk.

A criminal complaint filed Thursday charges Budamala with one count of wire fraud.

According to an affidavit filed with the complaint, Budamala in 2019 formed or acquired three shell companies with no operations – Hayventure LLC, Pioneer LLC, and XC International LLC. Following the outbreak of the COVID-19 pandemic, and the enactment of federal programs designed to address the economic fallout from the pandemic, Budamala allegedly submitted to the Small Business Administration (SBA) seven applications for pandemic-relief loans under the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL).

As part of the applications filed from April 2020 through March 2021, Budamala falsely represented to the banks administering the COVID-relief business loan programs that his companies employed dozens of individuals and earned millions of dollars in revenue, and that he needed the money for payroll and business expenses, the affidavit alleges.

The listed addresses for the companies were bogus, nonexistent or residential. The states where Budamala's companies purportedly operated have no records of those companies paying wages to any employees, and bank records for the companies reflect no significant business income or operating expenses. During a February 2021 interview with a State Department official in an unsuccessful attempt to obtain a United States passport, Budamala said he wanted the passport so he could get a job, according to the affidavit.

The SBA and the banks funded six of the loans and disbursed \$5,151,497, the affidavit states. Budamala allegedly applied to have several of the loans forgiven and falsely represented that he had used the SBA money entirely for payroll.

Once the loans were funded, Budamala used the money to pay for personal expenses, including the purchase of a \$1.2 million investment property in Los Angeles, the purchase of a \$597,585 property in Malibu, a \$970,000 investment in an EB-5 Immigrant Investor Visa Program and a nearly \$3 million deposit into Budamala's personal TD Ameritrade account, according to the affidavit.

*A complaint contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.*

If convicted of the charge, Budamala would face a statutory maximum sentence of 20 years in federal prison.

IRS Criminal Investigation, the FBI, and the Small Business Administration's Office of Inspector General investigated this matter.

Assistant United States Attorney Gregory D. Bernstein of the Major Frauds Section is prosecuting this case.

In May 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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