



THE UNITED STATES

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, March 18, 2022

California Man Pleads Guilty to Misappropriating COVID-19 Relief Funds

A California man pleaded guilty today in the Central District of California to stealing government funds designed to aid medical providers in the treatment of patients suffering from COVID-19. He also admitted to stealing additional government funds intended to help small businesses during the COVID-19 pandemic.

According to court documents, Gurgen Israyelyan, 39, of West Hills, admitted he owned Saint Christopher Hospice Inc. (SCH), a hospice agency in North Hollywood, which closed around September 2019. SCH, which was never operational during the COVID-19 pandemic, received approximately \$89,162 designated for the medical treatment and care of COVID-19 patients. Israyelyan admitted he stole the funds by spending them for his personal use and by transferring them to family members, including a family member in Armenia, rather than using the funds in conjunction with pandemic relief efforts as required.

The charges against Israyelyan resulted from his intentional misuse of funds distributed from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund, money specially apportioned by the CARES Act to help health care providers who were financially impacted by the COVID-19 pandemic to provide care to patients who were suffering from COVID-19, and to compensate providers for the cost of that care. These funds were critical to delivering relief to health care providers and maintaining access to medical care during the pandemic.

As part of his guilty plea, Israyelyan further admitted that he submitted, or caused to be submitted, five fraudulent Economic Injury Disaster Loan (EIDL) applications to the Small Business Administration (SBA) on behalf of SCH and four other entities that Israyelyan controlled: GMG Holdings LLC, Double G Ventures LLC, One Touch Assistants LLC, and G.I. Construction Group. As a result of the fraudulent EIDL applications, the SBA disbursed approximately \$428,100 of EIDL funds to Israyelyan, all of which were proceeds that Israyelyan knew he was not entitled to and which Israyelyan used for his own personal benefit, contrary to EIDL requirements. The EIDL program, which was expanded under the CARES Act, was designed to provide loans to small businesses that suffered substantial economic injury from the COVID-19 pandemic.

Israyelyan pleaded guilty to three counts of theft of government property. He is scheduled to be sentenced on June 13 and faces up to 10 years in prison for each count. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division; U.S. Attorney Tracy L. Wilkison for the Central District of California; Special Agent in Charge Timothy B. Francesca of the U.S. Department of Health and Human Services' Office of Inspector General's Los Angeles Regional Office; Assistant Director Luis Quesada of the FBI's Criminal Investigative Division; and Assistant Director Kristi Johnson of the FBI's Los Angeles Field Office made the announcement.

Trial Attorney Chris Wenger and Senior Litigation Counsel Jim Hayes of the National Rapid Response Strike Force of the Criminal Division's Fraud Section are prosecuting the case.

On May 17, 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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