

ORIGINAL

FILED

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

MAY 19 2021

Clerk, U.S. District Court  
Texas Eastern

UNITED STATES OF AMERICA	§	
	§	
v.	§	No. 4:20-CR-156
	§	Judge ALM/KPJ
FAHAD H. SHAH	§	

FACTUAL BASIS

Investigation by the Treasury Inspector General for Tax Administration, the Small Business Administration Office of Inspector General, the Federal Housing Finance Agency Office of Inspector General, the Federal Deposit Insurance Corporation Office of Inspector General, and the United States Internal Revenue Service-Criminal Investigations has disclosed the following facts, which I accept as true and correct, establishing that I, the defendant, **Fahad H. Shah**, violated 18 U.S.C. § 1343, wire fraud:

1. I reside in Murphy, Texas.
2. I own and operate a wedding planning company called WBF Weddings by Farah, Inc. ("WBF").
3. WBF is an active Texas corporation that was first registered in or around March 2011. The company's registered address is my personal residence in Murphy.
4. WBF had no employees other than my wife and me.
5. I acknowledge that the Paycheck Protection Program ("PPP") is a federal loan program created by Coronavirus Aid, Relief, and Economic Security ("CARES") Act in or about March 2020. I understand that the PPP is administered by the Small Business Administration and provides forgivable loans to small businesses for job

retention and certain other expenses, such as payroll costs, interest on mortgages, rent, and utilities.

6. I agree that to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, which is signed by an authorized representative of the business. The PPP loan application required the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) was required to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures were used to calculate the amount of money the small business is eligible to receive under the PPP. In addition, businesses applying for a PPP loan were required to provide documentation showing their payroll expenses.

7. I acknowledge that the PPP allowed the interest and principal on the PPP loan to be entirely forgiven if the business spent the loan proceeds on these expense items within a designated period of time and used at least 75% of the PPP loan proceeds on payroll expenses.

8. I acknowledge that Bank 1 is a federally insured financial institution and member of the Federal Home Loan system. I am aware that Bank 1 is based in Sioux Falls, South Dakota. I know that Bank 1 participated as a lender in the PPP.

9. I acknowledge that Bank 2 is a federally insured financial institution and member of the Federal Home Loan system. I am aware that Bank 2 is based in Salt Lake City, Utah. I know that Bank 2 participated as a lender in the PPP.

10. I acknowledge that Company 1 is a publicly traded company specializing in credit card payments and small business lending. I am aware that Company 1 is based in Redwood City, California. I know that Company 1 participated in the SBA's PPP by, among other things, acting as a service provider between small businesses and certain banks, including Bank 2. Small businesses seeking PPP loans could apply through Company 1 for PPP loans. Company 1 would review the loan applications. If a loan application received by Company 1 was approved for funding, a partner bank, such as Bank 2, disbursed the loan funds to the applicant.

11. On or about April 25, 2020, I submitted a false and misleading PPP application electronically to Bank 1 in the name of WBF seeking approximately \$1,753,875 in PPP funds. I signed the application and certified that it was true and accurate.

12. The PPP application to Bank 1 falsely stated that WBF's average monthly payroll was \$701,550 and that the company had 126 employees.

13. In connection with the PPP application submitted to Bank 1, I provided fraudulent Employer's Quarterly Federal Tax Returns (IRS Form 941) for 2019 and the first quarter of 2020. On the false Form 941s, I fraudulently claimed that WBF had paid between \$1,707,250 and \$2,481,100 in wages, tips, and other compensation during those time periods.

14. On or about May 1, 2020, I submitted a false and misleading PPP application to Company 1 in the name of WBF seeking approximately \$1,592,657 in PPP funds. I did so by submitting the application electronically from Murphy, Texas, to a

Company 1 employee located outside the State of Texas. I signed the application and certified that it was true and accurate.

15. The PPP application to Company 1 falsely stated that WBF's average monthly payroll was \$637,063 and that the company had 126 employees. In connection with the PPP application submitted to Company 1, I submitted fraudulent Employer's Quarterly Federal Tax Return (IRS Form 941) for 2019. On the false Form 941s, I fraudulently claimed that WBF had between 92 and 114 employees and had paid between \$1,707,250 and \$2,217,000 in wages, tips, and other compensation during those time periods.


16. Company 1 approved WBF's application for a PPP loan. Funds were then disbursed by Bank 2. Specifically, on May 4, 2020, Bank 2 wired \$1,592,657 to WBF's account at Bank 1.

17. Within days of receiving the PPP funds, I used over \$1 million in fraudulently obtained proceeds to pay my home mortgage, to purchase securities through my personal investment account, and to buy the following items:

- a. 2020 Tesla Model 3, Vehicle Identification Number ("VIN") 5YJ3E1EBXLF719969;
- b. 2020 Tesla Model 3, VIN 5YJ3E1EB2LF668077;
- c. 2009 Freightliner M2 106 medium duty conventional cab (VIN 1FVACWDT49HAF6849);
- d. 2014 Freightliner M2 106 medium duty conventional cab (VIN 3ALACWDT2EDFV8098);
- e. 2014 Mercedes Benz Sprinter van (VIN WDYPE8DC0E5927890); and
- f. 5axismaker 5xm 3D printer.


I hereby stipulate that the facts described above are true and correct and accept them as the uncontested facts of this case.

Dated: 3-8-2021

  
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Fahad H. Shah  
Defendant

I have reviewed this Factual Basis with the defendant. Based on these discussions, I am satisfied that he understands the terms and effect of the Factual Basis and has signed it voluntarily.

Dated: 3-8-2021

  
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Richard B. Roper  
Attorney for Defendant