

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* ILLINOIS

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Department of Justice

U.S. Attorney's Office

Northern District of Illinois

FOR IMMEDIATE RELEASE

Tuesday, April 6, 2021

Suburban Chicago Tax Preparer Charged With COVID-Relief Fraud

CHICAGO – A suburban Chicago tax preparer has been indicted on federal fraud charges for allegedly fraudulently assisting customers in obtaining millions of dollars in loans under the Coronavirus Aid, Relief, and Economic Security Act.

HADI ISBAIH, 39, of Palos Heights, Ill., was charged in an indictment returned Monday in the Northern District of Illinois with four counts of wire fraud. An initial court appearance is scheduled for today at 2:15 p.m. before U.S. Magistrate Judge Beth W. Jantz.

The indictment was announced by John R. Lausch, Jr., United States Attorney for the Northern District of Illinois; Emmerson Buie, Jr., Special Agent-in-Charge of the Chicago Field Office of the FBI; Tamera Cantu, Acting Special Agent-in-Charge of the IRS Criminal Investigation Division in Chicago; and Sharon Johnson, Special Agent-in-Charge of the Central Region of the U.S. Small Business Administration Office of Inspector General. The government is represented by Assistant U.S. Attorney Nicholas J. Eichenseer.

“The relief programs provided by the CARES Act were designed to assist small businesses struggling to survive the COVID-19 pandemic,” said U.S. Attorney Lausch. “Our office is committed to working with our law enforcement partners to root out abuse of these important programs and hold accountable anyone who seeks to fraudulently profit from them.”

“These programs were developed to help out small business owners survive the devastation caused by the COVID-19 pandemic, it’s unfortunate someone thought to take advantage of these programs,” said FBI SAC Buie. “We are honored to work with our law enforcement partners to identify whom those perpetrators are and ensure they pay for their crimes.”

“This indictment is an important victory for America's taxpayers who play by the rules and have no tolerance for those who make up their own,” said IRS-CI Acting SAC Cantu. “Those that use the CARES Act relief funds as a free money pot steal vital lifelines from those that need it the most during the COVID-19 crisis and could face criminal prosecution and lengthy prison sentences. IRS Criminal Investigation has committed our resources and provides our financial expertise to pursue COVID-19 fraud of all kinds, and those like Mr. Isbaih will be brought to justice.”

“Falsifying documents to fraudulently gain access to SBA program funds is unconscionable,” said SBA-OIG SAC Johnson. “SBA-OIG will aggressively pursue evidence of fraud against SBA’s programs aimed at assisting the nation’s small businesses struggling with the pandemic challenges. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their dedication and commitment to seeing justice served.”

Two sources of relief established by the CARES Act, which was passed in March 2020, were the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan program (EIDL). The programs allowed qualifying small businesses to receive low-interest, government-backed loans to cover a temporary loss of revenue.

According to the indictment, Isbaih owned and operated Flash Tax Service Inc., a tax and investment consulting business in Bridgeview, Ill. From April to October 2020, Isbaih submitted on behalf of hundreds of Flash Tax customers PPP and EIDL applications that contained materially false statements and misrepresentations about the customers’ businesses, such as gross revenues, expenses, and number of employees, the indictment states. Isbaih’s false statements and misrepresentations caused millions of dollars in fraudulently obtained PPP and EIDL funds to be disbursed to those customers, the charges allege.

Isbaih charged Flash Tax customers an upfront fee of approximately several hundred dollars before he submitted the fraudulent applications on the customers’ behalf, the indictment states. If the customers received the PPP or EIDL funds based on those applications, Isbaih charged the customers an additional fee of approximately \$1,000, the indictment states.

The public is reminded that an indictment is not evidence of guilt. The defendant is presumed innocent and entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt. Each count of wire fraud is punishable by up to 20 years in federal prison. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory U.S. Sentencing Guidelines.

Anyone with information about attempted fraud involving COVID-19 can report it to the Department of Justice by calling the National Center for Disaster Fraud Hotline at 866-720-5721, or completing a NCDF online complaint form at <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

Attachment(s):

[Download Isbaih indictment](#)

Topic(s):

Coronavirus

Disaster Fraud

Financial Fraud

Tax

Component(s):

[Federal Bureau of Investigation \(FBI\)](#)

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