



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

District of Minnesota

FOR IMMEDIATE RELEASE

Monday, November 16, 2020

Maple Grove Man Charged With Defrauding The U.S. Small Business Administration's Paycheck Protection Program

United States Attorney Erica H. MacDonald today announced the unsealing of a federal indictment charging ADITYA RAJ SHARMA, 47, with wire fraud. SHARMA, who was arrested on November 13, 2020, made his initial appearance today before Magistrate Judge Hildy Bowbeer in U.S. District Court in St. Paul, Minnesota.

According to the allegations in the indictment, SHARMA was the founder, CEO, and president of Crosscode Inc., a cloud-based software development company headquartered in Foster City, California. In November 2019, SHARMA was removed as an officer and terminated from the company by Crosscode's board of directors. In May 2020, SHARMA created a cloud-computing technology company called Kloudgaze Inc. On April 26, 2020, SHARMA submitted a false and fraudulent loan application in the name of "Crosscode dba Kloudgaze" seeking approximately \$562,500 through the U.S. Small Business Administration's Paycheck Protection Program ("PPP"). On the application SHARMA falsely stated that "Crosscode dba Kloudgaze" was in operation on February 15, 2020, even though SHARMA did not create Kloudgaze until May 2020. In addition, SHARMA falsely stated that he was the 100% owner and CEO of Crosscode, that Crosscode did business under the name of Kloudgaze, and that "Crosscode dba Kloudgaze" had approximately 29 employees on its payroll even though records from the State of Minnesota show SHARMA paid no wages to a single Kloudgaze employee. In support of the application, SHARMA included fraudulent supporting documentation, including fabricated bank account statements.

According to the allegations in the indictment, on April 29, 2020, as a result of SHARMA's material falsehoods and omissions, the application was approved, and SHARMA received \$562,500 in PPP funds. However, instead of using the PPP funds for permissible small business expenses, such as payroll for employees, SHARMA sought to enrich himself personally and transferred approximately \$500,000 to a personal bank account, made a \$5,000 down payment toward the installation of a \$64,300 pool at his personal residence, and transferred approximately \$14,000 to a financial account in India.

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses, through the PPP. In April 2020, Congress authorized over \$300 billion in additional PPP funding.

The PPP allows qualifying small-businesses and other organizations to receive loans with a maturity of two years and an interest rate of one percent. PPP loan proceeds must be used by businesses on payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses at least a certain percentage of the PPP loan proceeds on payroll expenses.

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 Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

This case is the result of an investigation conducted by the FBI.

Assistant U.S. Attorney Matthew S. Ebert and Jordan L. Sing are prosecuting the case.

The charges contained in the indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

Defendant Information:

ADITYA RAJ SHARMA, 47

Maple Grove, Minn.

Charges:

- Wire fraud, 1 count

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