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Department of Justice

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District of Columbia

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D..C. Man Indicted on Charges in Scheme to Steal More Than \$17 Million in COVID-19 Relief Funds

Defendant Allegedly Used Stolen Money for Own Benefit, Including Purchase of 2020 Tesla

WASHINGTON – A District of Columbia man has been indicted on federal charges alleging that he perpetrated a scheme to steal more than \$17 million in Paycheck Protection Program (PPP) and Economic Injury and Disaster Loan (EIDL) funds.

The announcement was made by Acting U.S. Attorney Channing D. Phillips and Acting Special Agent in Charge Darrell J. Waldon of the Internal Revenue Service-Criminal Investigation, Washington, D.C. Field Office. The indictment was unsealed today in the U.S. District Court for the District of Columbia.

According to the indictment, Elias Eldabbagh, 30, devised a scheme to use tax returns stolen from a Washington, D.C. consulting firm and stolen identities to fraudulently obtain more than \$17 million in PPP and EIDL funds in the name of his company, Alias Systems, LLC. The indictment alleges that Eldabbagh attempted to steal a total of \$17 million and successfully stole more than \$2.3 million from PPP and EIDL programs.

Eldabbagh was arrested today and appeared this afternoon in the U.S. District Court for the District of Columbia. He was released on home confinement pending a hearing set for Aug. 30.

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is a federal law enacted in or around March 2020 and 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 billions in forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program (PPP).

An Economic Injury Disaster Loan (EIDL) is a Small Business Administration administered loan designed to provide assistance to small businesses that suffer substantial economic injury as a result of a declared disaster. An EIDL helps businesses meet necessary financial obligations that could have been met had the disaster not occurred. It provided relief from economic injury that the disaster caused and permitted businesses to maintain a reasonable working capital position during the period that the disaster affected.

As alleged in the indictment, Eldabbagh carried out a scheme from at least July 2020 to July 2021 in which he filed at least 13 fraudulent PPP loan applications and an EIDL application in the name of Alias Systems, LLC, using stolen identities and stolen tax returns that were fraudulently doctored to appear to be tax returns of Alias Systems, LLC. Based on these applications, Eldabbagh fraudulently obtained more than \$2.3 million PPP and EIDL funds, which were then transmitted through numerous financial institutions and used to purchase a 2020 Tesla. The indictment further alleged that Eldabbagh attempted to transfer or obtain funds that had been lawfully seized by Special Agents of IRS Criminal Investigation.

Eldabbagh is charged with five counts of wire fraud, 14 counts of engaging in monetary transactions in criminally derived property, 14 counts of aggravated identity theft, and one count of destruction or removal of property to prevent seizure. If convicted, Eldabbagh faces a maximum penalty of 20 years in prison for each wire fraud count, ten years in prison for each count of engaging in monetary transactions in criminally derived property, two years in prison for each aggravated identity theft count, to run consecutive to any sentence for wire fraud, and five years in prison for the count of destruction or removal of property to prevent seizure. The indictment includes a notification of the United States' intent to seek the forfeiture of 20 bank accounts and a 2020 Tesla purchased with the proceeds of the fraud. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

On May 17, 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 fraud related to 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>.

An indictment is merely a formal charge that a defendant has committed a violation of criminal law and is not evidence of guilt. Every defendant is presumed innocent until, and unless, proven guilty.

This case is being investigated by the Washington Field Office of IRS Criminal investigation. Assistance was provided by the Office of the Inspector General for the U.S. Small Business Administration. Assistant U.S. Attorney Leslie A. Goemaat of the Fraud Section of the U.S. Attorney's Office for the District of Columbia, is prosecuting the case, supported by Paralegal Specialist Mariela Andrade.

Topic(s):

Coronavirus
Financial Fraud
Identity Theft

Component(s):

USAO - District of Columbia

