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FRAUD

California CPA Pleads Guilty in PPP Loan Fraud Scheme

If convicted of wire fraud charge, 73-year-old Bernard Turk faces a maximum jail sentence of 20 years.

Jason Bramwell • Aug. 02, 2022



A CPA from San Fernando Valley, Calif., [pleaded guilty on July 15 to one count of wire fraud](#) for helping a longtime client fraudulently obtain a \$1.2 million COVID-19 business loan by preparing a false corporate tax return on the client's behalf.

If convicted of the wire fraud charge, 73-year-old Bernard Turk of Tarzana faces a maximum sentence of 20 years in federal prison.

In February 2021, Turk, who runs a tax preparation business in Tarzana, helped his client, Mustafa Qadiri, 39, of Irvine, submit a false application for a Paycheck Protection Program (PPP) loan on behalf of Qadiri's company, Agency 126, a purported marketing and video production agency, according to authorities.

[Qadiri was arrested in May 2021](#) after he was indicted by a federal grand jury on four counts of bank fraud, four counts of wire fraud, one count of aggravated identity theft, and six counts of money laundering. Authorities claim Qadiri fraudulently obtained approximately \$5 million in PPP loans for his sham businesses, then used the money on himself, including purchasing Ferrari, Bentley, and Lamborghini sports cars. Qadiri pleaded guilty in July 2021 and is awaiting trial.

According to federal prosecutors, Turk prepared a false federal corporate income tax return, claiming that Agency 126 paid employees \$5,383,401 in wages during the 2019 tax year. Turk gave the false 2019 tax return to Qadiri to submit to a bank to support the PPP loan. To hide his involvement, Turk marked the false tax return "self-prepared."

Turk admitted that both he and Qadiri knew that Agency 126 had no employees, paid no wages, and never filed tax returns with the IRS.

Qadiri electronically submitted the false tax return that Turk prepared to the Small Business Administration (SBA) and the bank in support of Agency 126's fraudulent PPP loan application. On the false 2019 tax return submitted to the bank, Qadiri removed the "self-prepared" designation and replaced it with Turk as the preparer, prosecutors said.

Relying, in part, on the false tax return, the bank and the SBA approved and funded Agency 126's PPP loan and wired \$1.2 million to a bank account that Qadiri controlled. For his role in the scheme, Turk was to receive a percentage of the loan proceeds when the bank forgave the loan.

Turk's sentencing hearing is scheduled for Oct. 7.

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