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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
 v.)
 ZAHID ASLAM,)
 Defendant.)

REDACTED

Criminal Action No. 17- 50

SEALED

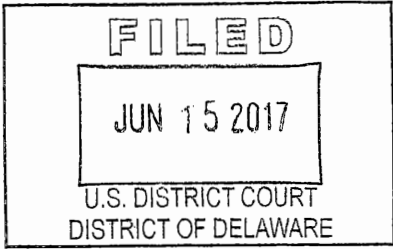
INDICTMENT

The Grand Jury for the District of Delaware charges that:

COUNT ONE

(Conspiracy to Commit Bank Fraud)

At all times material to this Indictment:



INTRODUCTION

1. Citibank, N.A. ("Citibank") was a financial institution as defined by Title 18, United States Code, Section 20, with deposits insured by the Federal Deposit Insurance Corporation. Citibank was a member of the Federal Home Loan Bank system and conducted business within the State of Delaware.

2. Wilmington Savings Fund Society, FSB ("WSFS"), a Delaware corporation with its principal place of business in Delaware, was a financial institution as defined by Title 18, United States Code, Section 20, with deposits insured by the Federal Deposit Insurance Corporation. WSFS was a member of the Federal Home Loan Bank system and conducted business within the State of Delaware.

3. The Small Business Administration ("SBA") was an independent agency of the United States government that aided and assisted small business owners in forming, building, and

growing their businesses. One loan program offered by the SBA was its Section 7(a) program, through which the SBA guaranteed loans to finance a variety of specified business purposes, including construction costs.

4. ZAHID ASLAM (“ASLAM” or “Defendant”) was a physician who owned and controlled medical practices in Delaware, Maryland, Pennsylvania, and New Jersey. ASLAM also owned, operated, and controlled the Alpha Medical Center (the “AMC”) in Elkton, Maryland. The AMC consisted of multispecialty medical groups, an imaging department, a pharmacy and a laboratory. The AMC was also the location from which ASLAM managed all of his health care practices across the region.

5. Two medical practices contained within the AMC were the CECIL SURGERY CENTER, LLC (“CSC”) and TRI-STATE MRI & IMAGING (“Tri-State”). The CSC was an ambulatory surgical center, and Tri-State was a multi-modality MRI and Imaging Center.

6. TAE H. KIM (“KIM”) was employed by Citibank as a relationship manager from in or around August 2007 until his resignation in or around March 2013. KIM was thereafter employed by WSFS as a relationship manager from in or around May 2013 until his resignation in or around November 2016. KIM provided financing to ASLAM and ASLAM-controlled entities while employed at Citibank and WSFS. As set forth in greater detail below, KIM and ASLAM were also involved in a longstanding financial relationship that they failed to disclose to Citibank and WSFS.

7. PERSON A was one of ASLAM’s employees and business partners. In or around January 2012, PERSON A applied through Citibank for a loan to finance costs related to the CSC. A precondition of Citibank’s approval was that the SBA guarantee the loan through its Section 7(a) program. KIM was the Citibank relationship manager through which PERSON A applied for the loan and SBA guarantee.

8. PERSON B was a family member of one of ASLAM's business partners. In or around July 2013, PERSON B applied through WSFS for a loan to finance costs related to Tri-State. KIM was the WSFS relationship manager through which PERSON B applied for the loan.

THE CONSPIRACY

9. From in or around June 2011, through in or around June 2016, in the District of Delaware and elsewhere, defendant ZAHID ASLAM knowingly and intentionally combined, conspired, confederated and agreed with KIM, PERSON A, PERSON B, and others known and unknown to the grand jury to commit an offense against the United States, that is, to knowingly execute or attempt to execute a scheme or artifice to defraud a financial institution, and to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises, in violation of Title 18, United States Code, Section 1344.

The Ways, Manner, and Means of the Conspiracy

10. The ways, manner and means by which Defendant ASLAM, KIM, PERSON A, PERSON B and others known and unknown to the grand jury sought to accomplish the conspiracy included, but were not limited to, the following:

A. KIM submitted loan requests to Citibank and WSFS on behalf of ASLAM that materially misrepresented that the primary borrowers for the loans were PERSONS A and B, when ASLAM knew in truth and in fact that PERSONS A and B were nominee borrowers acting on behalf of ASLAM, who otherwise would not have qualified for the loans. Once approved, the proceeds of such loans were controlled by ASLAM and not PERSONS A and B. The false loan submissions included the following:

i. On or about January 12, 2012, ASLAM caused PERSON A to submit an "SBA Loan Application" via Citibank for a loan in the amount of \$1.72 million to fund construction costs for the CSC. In the application form, PERSON A represented that PERSON A

was the Managing Member and 100% owner of the CSC. In truth and in fact, ASLAM controlled the CSC, all funds and accounts related to the CSC, and the construction company that performed (and was to perform) work on the CSC. ASLAM used PERSON A as a nominee borrower because ASLAM and KIM were aware that ASLAM would not have qualified for the loan due to his credit history and amount of outstanding loans. ASLAM agreed to provide PERSON A with an ownership interest in the CSC in return for PERSON A's agreement to obtain the loan. On or about March 30, 2012, the SBA approved the loan guarantee, up to the amount of \$1.76 million. Citibank funded the loan after PERSON A entered into the loan agreement with Citibank on or about July 26, 2012.

ii. On or about August 8, 2013, ASLAM caused PERSON B to enter into a loan agreement with WSFS for a commercial loan for Tri-State in the amount of \$2.183 million. In the loan agreement, PERSON B represented that PERSON B was the owner of Tri-State, had full power and authority to act on behalf of Tri-State, and would use all loan proceeds to benefit Tri-State's business operations. In truth and in fact, ASLAM controlled Tri-State, the construction company that performed (and was to perform) work for Tri-State, and all loan proceeds associated with the Tri-State loan. ASLAM used PERSON B as a nominee borrower because ASLAM and KIM were aware that ASLAM would not have qualified for the loan due to his credit history and amount of outstanding loans. In addition, ASLAM used PERSON B as a nominee because federal law prohibits a medical provider from referring certain designated health services payable to government health insurance programs to an entity with which the provider (or an immediate family member) has a financial relationship.

B. ASLAM further caused KIM to submit loan requests to Citibank and WSFS that contained additional, material misrepresentations, including but not limited to misrepresentations regarding the source and amount of collateral and equity injected by PERSONS A and B into the CSC and Tri-State.

C. ASLAM further caused KIM to submit loan requests to Citibank and WSFS on behalf of himself, or for other nominee borrowers acting on ASLAM's behalf and for his benefit, that materially omitted the existence and nature of an extensive financial relationship between ASLAM and KIM. Through that relationship, ASLAM provided benefits to KIM that included, but are not limited to, the following:

- i. ownership shares in two medical businesses beginning in June and July 2011, respectively;
- ii. a check in the amount of \$60,000 that ASLAM provided to KIM in or around February 2012;
- iii. a 2009 BMW that ASLAM provided to KIM;
- iv. biweekly payments from ASLAM to KIM in the total amount of \$606,376.85 during the period of August 2013 through January 2017;
- v. a loan that ASLAM provided to KIM in or around May 2015 in the amount of \$200,000, which KIM used as a down payment to purchase a building owned by a medical practice that ASLAM acquired; and
- vi. a lease agreement in which ASLAM paid rent to KIM on a monthly basis to lease the building described in Paragraph 10.v.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

(False Statement to a Financial Institution)

11. The allegations contained in paragraphs 1 through 10 of this Indictment are repeated and realleged as if fully set forth herein.

12. On or about January 12, 2012, in the Eastern District of Pennsylvania and elsewhere, defendant ZAHID ASLAM caused PERSON A to make a materially false statement for the purpose of influencing the action of Citibank, an institution the accounts of which were

insured by the Federal Deposit Insurance Corporation, in connection with an application for a loan in the amount of \$1.72 million for the CSC to be guaranteed by the Small Business Administration, in that PERSON A represented that PERSON A was the owner and managing member of the CSC, when in truth and in fact, as ASLAM well knew, ASLAM controlled the CSC and all loan proceeds to be deposited into the CSC loan account.

All in violation of Title 18, United States Code, Sections 1014 and 2.

COUNT THREE

(False Statement to a Financial Institution)

13. The allegations contained in paragraphs 1 through 10 of this Indictment are repeated and realleged as if fully set forth herein.

14. On or about August 8, 2013, in the District of Delaware and elsewhere, defendant ZAHID ASLAM caused PERSON B to make a materially false statement for the purpose of influencing the action of WSFS, an institution the accounts of which were insured by the Federal Deposit Insurance Corporation, in connection with a loan agreement for Tri-State in the amount of \$2.183 million, in that PERSON B represented that PERSON B was the owner and operator of Tri-State and that the loan proceeds would benefit Tri-State, when in truth and in fact, as ASLAM well knew, ASLAM controlled Tri-State and all loan proceeds to be deposited into the Tri-State loan account.

All in violation of Title 18, United States Code, Sections 1014 and 2.

NOTICE OF FORFEITURE

Upon conviction of the offense in violation of Title 18, United States Code, Sections 1344, 1349, and 1014, alleged in Counts One through Three of the Indictment, defendant ZAHID ASLAM shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation.

If any of the forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided with difficulty;

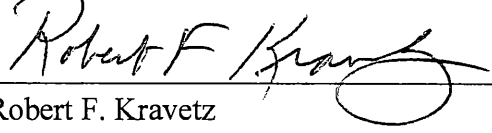
the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

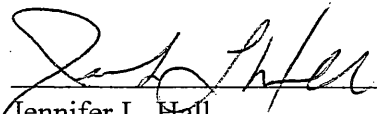
A TRUE BILL:

Foreperson

DAVID C. WEISS
Acting United States Attorney
District of Delaware

By:


Robert F. Kravetz
Assistant United States Attorney


Jennifer L. Hall
Assistant United States Attorney

Dated: June 15, 2017