

More DOJ Double-Dipping PPP Fraud News

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The Department of Justice (“DOJ”) continues rolling out new settlement agreements related to COVID-19 fraud—highlighting the government’s and a common relator’s efforts to crack down on those alleged to have improperly received monies through the Paycheck Protection Program (“PPP” or “Program”). A new settlement agreement once again showcases these trends and illustrates the civil liability that businesses and individuals may face under the False Claims Act, 31 U.S.C. § 3729 *et seq* (“FCA”) for double-dipping into PPP loan funds made available in 2020 during the height of the pandemic.

On April 21, 2022, the DOJ announced a settlement agreement between the U.S. government, Bryan Quesenberry (“Relator”), and Daniel Markus, Inc. (“DMI”) and Margarita Risis, DMI’s sole shareholder (collectively, “DMI” or “Defendants”). Prior to the execution of this settlement agreement, on September 12, 2020, Relator filed a *qui tam* suit against DMI under the FCA in the U.S. District Court for the District of New Jersey. Relator alleged that DMI “unlawfully applied for and received two loans under the [PPP]” and certified falsely that it would receive only one PPP loan. To settle these allegations, DMI, which operated several pawn shops in New Jersey, executed the settlement agreement, which explained these allegations further.

Specifically, the government alleges in the settlement agreement that in April 2020 DMI obtained a first draw PPP loan of \$242,849 from “Lender 1,” a bank based in Salt Lake City, Utah. The government contends that DMI certified to the following statement: “During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant [DMI] has not and will not receive another loan under the [PPP].” Yet, the government further alleges in the settlement agreement that DMI, again in April 2020, obtained a second first draw PPP loan of \$268,300 from “Lender 2,” a bank based in McLean, Virginia. Based on its receipt of this second loan, the government alleges, according to the settlement agreement, that DMI’s certifications on the first draw loan were false. In settling these allegations, in addition to those the government contends it has under the Financial Institutions Reform, Recovery and Enforcement Act, 12 U.S.C. §

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1833(a) ("FIRREA"), the terms of the settlement agreement state that DMI shall pay the government \$50,000 within two weeks of the date of the settlement agreement. The terms further state that DMI agrees not to seek forgiveness of the first loan from Lender 1 but shall instead repay Lender 1 within a year of the date of the settlement agreement. Finally, the terms state that Relator shall be entitled to recover \$3,541.05 following DMI's payment of \$50,000.

As reported previously, Relator Brian Quesenberry is no stranger to *qui tam* litigation, as he has brought numerous other FCA actions recently, including the Sextant Marine settlement and the Zen Solutions settlement. To stay updated on these developing topics, check out Dorsey's [FCA Now](#) blog and [FCA Case Tracker](#) for the latest FCA and PPP fraud news.