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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA *ex rel.*
DEVYN TAYLOR,

Plaintiff,

-v-

STEFANO MARONI, GMI USA CORP., and
BELOVEFINE, LTD.,

Defendants.

23 Civ. 2159 (JHR)

**COMPLAINT-IN-INTERVENTION
OF THE UNITED STATES OF
AMERICA**

JURY TRIAL DEMANDED

UNITED STATES OF AMERICA,

Plaintiff-Intervenor,

-v-

STEFANO MARONI, GMI USA CORP., and
BELOVEFINE, LTD.,

Defendants.

Plaintiff the United States of America (the “United States” or “Government”), by its attorney, Damian Williams, United States Attorney for the Southern District of New York, files this Complaint-in-Intervention against defendants Stefano Maroni (“Maroni”), GMI USA Corp.

(“GMI”), and Belovefine, Ltd. (“Belovefine,” and collectively with Maroni and GMI, “Defendants”), alleging as follows:

PRELIMINARY STATEMENT

1. This is a civil fraud action brought by the United States against Defendants to recover damages and civil penalties under the False Claims Act (“FCA”), 31 U.S.C. §§ 3729 *et seq.*, in connection with their submission of fraudulent Paycheck Protection Program (“PPP”) loan applications and loan forgiveness applications. The United States also seeks to recover damages under the common law for payment by mistake of fact and unjust enrichment.

2. The PPP was a federal loan program overseen by the Small Business Administration (“SBA”) to assist small businesses nationwide adversely impacted by the COVID-19 emergency. Under the PPP, eligible businesses could obtain SBA-guaranteed loans to spend on payroll costs, rent or mortgage expenses, and other specified business expenses.

3. Defendants improperly obtained separate first-draw and second-draw PPP loans for both GMI and Belovefine despite the fact that the two entities in fact operated essentially the same footwear design and importation business. Maroni was the sole owner and the Chief Executive Officer of both companies. The companies shared an overlapping roster of employees, used a single office space, and conducted the same business activities.

4. During the relevant time period, Maroni repeatedly transferred the employees of the footwear business from one entity’s payroll to the other’s payroll. Despite this, Defendants sought and received PPP loans on behalf of both Belovefine and GMI as though they were two distinct businesses, each with its own separate employee payroll.

5. Moreover, although the loan applications submitted for GMI and Belovefine each listed the same building address, the Belovefine application included a different and inaccurate

suite number within the building, which gave the false impression that the entities were distinct and operated in separate locations.

6. Maroni personally signed the PPP loan and forgiveness applications on behalf of Belovefine and GMI. In total, the companies received more than \$1 million in PPP loan funds, nearly all of which was forgiven by the SBA.

7. Defendants made a number of false certifications and statements in their PPP loan applications and forgiveness applications. In particular, Defendants (i) falsely certified in Belovefine's PPP loan applications that the company had employees for whom it paid salaries and payroll taxes as of February 15, 2020, which was a PPP loan eligibility requirement; (ii) inflated payroll figures in their PPP loan and forgiveness applications by double-counting the salaries of shared employees of both GMI and Belovefine, when in fact only one of these entities paid these employees' salaries and payroll taxes at a given time; and (iii) improperly sought loan forgiveness for certain payroll costs in excess of allowable forgiveness amounts, when Defendants had reduced employee salaries by more than the amount permitted under the PPP program's rules (the "PPP Rules").

8. Defendants made these misrepresentations despite certifying in both their loan applications and forgiveness applications that the information provided was true and accurate.

9. By engaging in the above-referenced conduct, Defendants violated the FCA by knowingly presenting and making, or causing to be presented and made, false claims and statements to the SBA and the lenders acting on the SBA's behalf, and improperly obtained PPP funds for amounts substantially in excess of what they were entitled to receive.

JURISDICTION AND VENUE

10. This Court has jurisdiction over the claims brought under the False Claims Act pursuant to 31 U.S.C. § 3730(a) and 28 U.S.C. §§ 1331, 1345, and over the common law claims pursuant to 28 U.S.C. § 1345.

11. This Court may exercise personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a), which provides for nationwide service of process. Maroni resided in Manhattan during the time period relevant to the complaint, and GMI and Belovefine are New York corporations that maintained an office in Manhattan during the time period relevant to the complaint.

12. Venue is appropriate in this district pursuant to 31 U.S.C. § 3732(a) and 28 U.S.C. § 1391(b) and (c) because a substantial part of the events or omissions giving rise to the claims occurred in this district, and Defendants resided in this district during the time period relevant to the complaint.

PARTIES

13. Plaintiff is the United States of America, and is suing on its own behalf and on behalf of the SBA, which, among other things, administered the PPP.

14. Defendant Stefano Maroni is an individual who resided at 985 Park Avenue, New York, New York, during the relevant time period. Maroni was the owner and Chief Executive Officer of both Belovefine and GMI.

15. Defendant GMI USA Corp. is a New York corporation. During the relevant time period, GMI maintained an office at 3 Columbus Circle, Suite 2410, New York, New York.

16. Defendant Belovefine, Ltd. is a New York corporation. During the relevant time period, Belovefine maintained an office at 3 Columbus Circle, Suite 2410, New York, New York.

17. Relator Devyn Taylor (“Relator”) is a former employee of Defendants. In March 2023, Relator filed a complaint under the *qui tam* provisions of the FCA alleging that Defendants made numerous false representations in their applications for PPP loans and for the forgiveness of those loans, and fraudulently secured separate PPP loans for GMI and Belovefine even though the two companies were in fact one and the same business.

BACKGROUND

A. The Paycheck Protection Program

18. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”) (Pub. L. 116-136) became law and provided emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. The SBA received funding and authority through the CARES Act to modify existing loan programs and establish a new loan program to assist small businesses nationwide adversely impacted by the COVID-19 emergency.

19. The CARES Act authorized loans to eligible small businesses struggling to pay employees and other business expenses as a result of the devastating effect of the COVID-19 pandemic.

20. Section 1102 of the CARES Act temporarily permitted the SBA to guarantee 100 percent of 7(a) loans under a new program titled the “Paycheck Protection Program,” or PPP.¹

¹ The 7(a) Loan Program is SBA’s primary business loan program for providing financial assistance to small businesses. *See* SBA, *7(a) loans*, <https://www.sba.gov/funding-programs/loans/7a-loans> (last accessed December 5, 2024). The program “provides loan guaranties to lenders that allow them to provide financial help for small businesses with special requirements.” *Id.*

21. On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act (Pub. L. 116-139) became law and provided additional funding and authority for the PPP. On June 5, 2020, the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) (Pub. L. 116-142) became law and changed key provisions of the PPP, including provisions relating to the maturity of PPP loans, the deferral of PPP loan payments, and the forgiveness of PPP loans.

22. On December 27, 2020, certain provisions of the Consolidated Appropriations Act, 2020 (Pub. L. 116-260), further modified the PPP, including with respect to the ineligibility of businesses not in operation as of February 15, 2020.

23. Under the PPP, businesses were required to spend loan proceeds for employee compensation, rent or mortgage, and other specified expenses and, if they used the loan proceeds as required, could qualify for loan forgiveness, up to the full amount of the loan.

24. The SBA delegated authority to third-party lenders to underwrite and approve the PPP loans. In order to obtain a PPP loan, a qualifying business (through its authorized representative) was required to sign and submit a PPP loan application online through the lender's application platform.

25. The PPP loan application required the business (through its authorized representative) to acknowledge the PPP Rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan.

26. For example, applicants for PPP loans were required to certify in their PPP applications, among other things, that:

- a. "The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business

Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule)”;

- b. “All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule”;
- c. “The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC”;
- d. “The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule”;
- e. “[I]f the funds are knowingly used for unauthorized purposes, the federal government may hold [the Applicant] legally liable, such as for charges of fraud”;
- f. “The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant’s payroll as well as the dollar amounts of” eligible expenses; and
- g. “[T]he information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects.”

27. Once the borrower submitted its PPP loan application to a lender, the participating lender processed the PPP loan application. If a PPP loan application was approved by the

participating lender, it thereafter funded the PPP loan using its own monies, which were 100% guaranteed by the SBA.

28. Qualifying borrowers who exhausted the entirety of their first PPP loan on authorized uses were permitted to apply for a second-draw PPP loan. Like first-draw PPP loans, second-draw loans were calculated based on the applicant's average monthly payroll costs. As part of their second-draw applications, applicants were required to make affirmative certifications similar to those set forth in ¶¶ 25-26, above.

29. Pursuant to the CARES Act, the amount of PPP funds a business was eligible to receive for both first-draw and second-draw loans was determined by the number of employees employed by the business and their average payroll costs. Any employee salary in excess of \$100,000 annually was excluded from the calculation. Businesses applying for a PPP loan had to provide documentation to confirm that they had in the past paid employees the compensation represented in the loan application.

30. After the lender processed and approved a borrower's PPP loan application, the lender submitted to the SBA the "Lender's Application – Paycheck Protection Program Loan Guaranty" applying for a guarantee on the loan. In that application, the lender certified that the borrower had made the required certifications regarding its eligibility. Therefore, if a borrower made misrepresentations on its PPP loan application, the borrower's false certifications caused the lender to submit a loan guarantee application to the SBA that contained the borrower's false statements.

31. The SBA provided for forgiveness of first-draw and second-draw PPP loans. In order to receive forgiveness, borrowers were required to submit signed loan forgiveness applications and documents containing the information and certifications in SBA Form 3508,

3508EZ, or a third-party lender equivalent. The PPP loan forgiveness application required the business (through its authorized representative) to make certain other certifications in order to be eligible to obtain forgiveness for a PPP loan.

32. For example, applicants for PPP loan forgiveness were required to certify in their PPP loan forgiveness applications, among other things, that:

- a. “The dollar amount for which forgiveness is requested . . . was used to pay business costs that are eligible for forgiveness”;
- b. “The Borrower did not reduce salaries or hourly wages of any employee by more than 25 percent for any employee during the Covered Period compared to the most recent quarter before the Covered Period. For purposes of this certification, the term ‘employee’ includes only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000”;²
- c. “[I]f the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges”;
- d. “The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness”; and
- e. “The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material

² For purposes of PPP loan forgiveness, the “covered period” is the period beginning on the date of the origination of a PPP loan and ending on a date selected by the borrower between 8 and 24 weeks after the date of origination. *See* 15 U.S.C. § 636m(a)(4). In general, payroll costs paid or incurred by the borrower during the covered period were eligible for forgiveness, within limitations imposed by statute and the PPP Rules. *See id.* § 636m(b), (d).

respects.”

B. The False Claims Act

33. The FCA establishes treble damages liability to the United States for an individual who, or entity that, “knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval,” 31 U.S.C. § 3729(a)(1)(A), or “knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim,” *id.* § 3729(a)(1)(B).

34. “Knowingly” is defined to include actual knowledge, reckless disregard, and deliberate ignorance. *Id.* § 3729(b)(1). No proof of specific intent to defraud is required. *Id.*

35. In addition to treble damages, the FCA also provides for assessment of a civil penalty for each violation or each false claim. *Id.* § 3729(a)(1).

FACTUAL ALLEGATIONS

36. Between 2020 and 2022, Maroni operated a footwear design and importation business. At various times, Maroni alternately used Belovefine or GMI as the corporate entity performing certain business functions.

37. Belovefine and GMI operated essentially the same footwear business from the same office space in Manhattan. The footwear business’s total employee roster ranged between approximately 10 and 20 employees at various times during the relevant period.

38. During the relevant period, Maroni repeatedly transferred employees of the footwear business from GMI’s payroll to Belovefine’s payroll, or the reverse, even though there was no material difference in employees’ job functions when they were paid by one company as opposed to the other.

39. In particular:

- a. Between January and April 2020, Maroni paid all employees of the footwear business through GMI's payroll. Belovefine had no employee payroll during this period. Maroni falsely certified in Belovefine's PPP loan applications that the company had employees for whom it paid salaries and payroll taxes as of February 15, 2020, which was a PPP loan eligibility requirement.
 - b. From May 2020 through August 2020, Maroni transferred all employees of the footwear business to Belovefine's payroll. GMI had no employee payroll during this period.
 - c. From September 2020 through mid-March 2021, Maroni transferred all employees of the footwear business to GMI's payroll. Belovefine had no employee payroll during this period.
 - d. From mid-March 2021 through February 2022, Maroni transferred all employees of the footwear business to Belovefine's payroll. GMI had no employee payroll during this period.
 - e. From mid-March 2022 through September 2022, Maroni transferred all employees of the footwear business to GMI's payroll. Belovefine had no employee payroll during this period.
40. Despite this, Defendants sought and received first-draw and second-draw PPP loans on behalf of both Belovefine and GMI as though they were two separate businesses, each with its own employee payroll.
41. Defendants misrepresented and inflated the total payroll and employee headcounts of Belovefine and GMI in their first- and second-draw PPP applications and loan forgiveness applications, which increased the amount of the PPP loans received and the amounts

forgiven. Defendants essentially double-counted the salaries of shared employees of both GMI and Belovefine, when in fact only one of these entities paid these employees' salaries and payroll taxes at a given time.

42. Defendants also inaccurately represented in their PPP applications that Belovefine and GMI were located at different addresses. GMI's first-draw and second-draw PPP loan applications listed its address as Suite 2410 at 3 Columbus Circle, New York, New York, while Belovefine's PPP loan applications inaccurately listed a different suite number, which was not used by either company during the relevant period. This misrepresentation gave the impression that the entities were distinct and operated in separate locations, when in fact they used the same office space.

43. In addition, Defendants sought loan forgiveness for certain payroll costs in excess of allowable forgiveness amounts, when Defendants had reduced employee salaries by more than the amount permitted under PPP Rules.

44. Had the lenders known of Defendants' misrepresentations set forth above, and that GMI and Belovefine essentially operated the same business and shared the same employees who were paid by each company at different points in time, the lenders would not have approved the PPP loan amounts requested. In addition, had the SBA known of Defendants' misrepresentations, the SBA would not have forgiven these PPP loans in full or substantial part. Thus, as a result of Defendants' fraud, Defendants obtained PPP loans for amounts substantially in excess of what they were entitled to receive.

A. Belovefine's PPP Loans

45. On or about April 8, 2020, Maroni submitted a first-draw PPP application to a lending bank ("Bank 1") on behalf of Belovefine seeking a PPP loan of \$379,562. Maroni electronically signed the application as the Owner and Authorized Representative of Belovefine.

46. In Belovefine's first-draw PPP application, Maroni certified (among other things) that Belovefine was eligible to receive a loan under the PPP Rules; that Belovefine was in operation on February 15, 2020, and had employees for whom it paid salaries and payroll taxes; and that the information provided in the application and supporting documents was true and accurate in all material respects.

47. On or about May 1, 2020, Belovefine received \$379,562 in loan proceeds from Bank 1 as a result of its first-draw PPP application.

48. On or about February 4, 2021, Maroni submitted a second-draw PPP application to Bank 1 on behalf of Belovefine seeking a PPP loan of \$306,535. Maroni electronically signed the application as the Owner and Authorized Representative of Belovefine.

49. In Belovefine's second-draw PPP application, Maroni certified (among other things) that Belovefine was eligible to receive a loan under the PPP rules; that Belovefine was in operation on February 15, 2020, and had employees for whom it paid salaries and payroll taxes; and that the information provided in the application and supporting documents was true and accurate in all material respects.

50. On or about February 9, 2021, Belovefine received \$306,535 in loan proceeds from Bank 1 as a result of its second-draw PPP application.

51. On or about July 27, 2021, Maroni submitted a forgiveness application to Bank 1 on behalf of Belovefine for its first-draw PPP loan. In that application, Maroni sought forgiveness of Belovefine's full \$379,562 first-draw PPP loan. Maroni certified that the information provided in the application and supporting documents was true and accurate in all material respects. Maroni electronically signed the application as the Authorized Representative of Belovefine.

52. On or about August 4, 2021, the SBA forgave the entirety of Belovefine's first-draw PPP loan and remitted a forgiveness amount of \$379,562 in principal and \$4,752.96 in interest to Bank 1.

53. On or about March 3, 2022, Maroni submitted a forgiveness application to Bank 1 on behalf of Belovefine for its second-draw PPP loan. In that application, Maroni sought forgiveness of Belovefine's full \$306,535 second-draw PPP loan. Maroni certified that the information provided in the application and supporting documents was true and accurate in all material respects. Maroni electronically signed the application as the President and Authorized Representative of Belovefine.

54. On or about March 14, 2022, the SBA forgave the entirety of Belovefine's second-draw PPP loan and remitted a forgiveness amount of \$306,535 in principal and \$3,321.14 in interest to Bank 1.

55. Maroni and Belovefine knowingly made misrepresentations in Belovefine's PPP loan applications and forgiveness applications that resulted in its receiving PPP loan funds and forgiveness that Belovefine was not entitled to receive.

56. Specifically, and contrary to Maroni's certification, on February 15, 2020, Belovefine had no employees on its payroll and, as a result, did not have "employees for whom it paid salaries and payroll taxes." In fact, Belovefine had no employee payroll during the period from January 1, 2020, through April 30, 2020, and did not file a Form 941, Employer's Quarterly Federal Tax Return, for the first quarter of 2020. As a result, Belovefine was ineligible to receive a first-draw PPP loan or a second-draw PPP loan.

B. GMI's PPP Loans

57. On or about May 7, 2020, Maroni submitted a first-draw PPP application on behalf of GMI to another lending bank ("Bank 2") seeking a PPP loan of \$379,562. Notably,

this is the same loan amount (based on the same claimed number of employees and average monthly payroll) that was requested on behalf of Belovefine in its first-draw PPP application. Maroni certified that the information provided in the application and supporting documents was true and accurate in all material respects. Maroni electronically signed the application as the CEO and Authorized Representative of GMI.

58. On or about May 12, 2020, GMI received \$223,400 in loan proceeds from Bank 2 as a result of its first-draw PPP loan application, after Bank 2 determined that GMI was not eligible for the full loan amount that Maroni initially requested.

59. On or about February 4, 2021, Maroni submitted a second-draw PPP application to Bank 2 on behalf of GMI seeking a PPP loan of \$133,825. Maroni certified that the information provided in the application and supporting documents was true and accurate in all material respects. Maroni electronically signed the application as the CEO and Authorized Representative of GMI.

60. On or about February 8, 2021, GMI received \$133,825 in loan proceeds from Bank 2 as a result of its second-draw PPP application.

61. On or about October 20, 2021, Maroni submitted a forgiveness application to Bank 2 on behalf of GMI for its first-draw PPP loan. In that application, Maroni sought forgiveness of \$192,320 of GMI's \$223,400 first-draw PPP loan. Maroni electronically signed the application as the CEO and Authorized Representative of GMI.

62. In GMI's first-draw PPP forgiveness application, Maroni certified (among other things) that GMI did not reduce salaries or hourly wages of any employee, as defined by PPP Rules, by more than 25 percent compared to the most recent quarter before the period covered by

the loan, and that the information provided in the application and supporting documents was true and accurate in all material respects.

63. On or about October 26, 2021, the SBA forgave the majority of GMI's first-draw PPP loan and remitted a forgiveness amount of \$192,320 in principal and \$2,808.40 in interest to Bank 2.

64. On or about February 28, 2022, Maroni submitted a forgiveness application to Bank 2 on behalf of GMI for its second-draw PPP loan. In that application, Maroni sought forgiveness of GMI's full \$133,825 second-draw PPP loan. Maroni certified that the information provided in the application and supporting documents was true and accurate in all material respects. Maroni electronically signed the application as the CEO and Authorized Representative of GMI.

65. On or about March 7, 2022, the SBA forgave the entirety of GMI's second-draw PPP loan and remitted a forgiveness amount of \$133,825 in principal and \$1,448.24 in interest to Bank 2.

66. Maroni and GMI knowingly made misrepresentations in GMI's PPP loan applications and forgiveness applications that resulted in its receiving PPP loan funds and forgiveness in excess of what it was entitled to receive.

67. In GMI's first-draw and second-draw PPP applications and first-draw and second-draw loan forgiveness applications, Maroni and GMI misrepresented and inflated the total payroll and employee headcounts in order to increase the amount of the PPP loans received. Maroni included the wages of the same employees in GMI's PPP loan and forgiveness applications that were included in Belovefine's applications, when in fact only one entity was

paying salaries and payroll taxes to employees of the footwear business at a given time during the relevant time period.

68. Moreover, in GMI's first-draw PPP loan forgiveness application, Maroni and GMI misrepresented and inflated the total payroll amounts eligible for forgiveness because GMI had reduced covered employees' total wages by amounts in excess of 25 percent of the total salary or wages of the employee during the most recent full quarter that preceded the relevant period covered by the loan. In fact, during part of the covered period for the forgiveness application, GMI reduced the salaries of multiple covered employees by 50%, rendering Maroni's certification that GMI had not reduced salaries by more than 25% false.

CLAIMS FOR RELIEF

FIRST CLAIM

Violations of the False Claims Act: Presenting False or Fraudulent Claims (31 U.S.C. § 3729(a)(1)(A))

69. The Government incorporates by reference each of the preceding paragraphs as if fully set forth herein.

70. Through the acts set forth above, Defendants knowingly presented, or caused to be presented, false or fraudulent claims for payment or approval, in violation of the FCA, 31 U.S.C. § 3729(a)(1)(A). Specifically, Defendants requested, received, and obtained PPP loans and forgiveness for PPP loans in excess of the amount that they were entitled to by making material misrepresentations in PPP loan applications and PPP loan forgiveness applications.

71. Defendants presented or caused to be presented these claims with actual knowledge of their falsity, or in deliberate ignorance or reckless disregard of whether or not they were false.

72. By reason of these false or fraudulent claims, the Government has been damaged in a substantial amount to be determined at trial, and is entitled to recover treble damages plus a civil monetary penalty for each false claim.

SECOND CLAIM

Violations of the False Claims Act: Use of False Statements (31 U.S.C. § 3729(a)(1)(B))

73. The Government incorporates by reference each of the preceding paragraphs as if fully set forth herein.

74. Through the acts set forth above, Defendants made and used, or caused to be made and used, false records and statements material to the payment of false or fraudulent claims by the SBA in violation of 31 U.S.C. § 3729(a)(1)(B). These false records and statements included the misrepresentations in the PPP loan applications and PPP loan forgiveness applications and the false certifications in these applications.

75. Defendants made, used, or caused to be made and used, these false records and statements with actual knowledge of their falsity, or in deliberate ignorance or reckless disregard of whether or not they were false.

76. By reason of the false records or statements, the Government has been damaged in a substantial amount to be determined at trial, and is entitled to recover treble damages plus a civil monetary penalty for each violation.

THIRD CLAIM

Payment by Mistake of Fact

77. The Government incorporates by reference each of the preceding paragraphs as if fully set forth herein.

78. The Government seeks relief against Defendants to recover monies paid under mistake of fact.

79. The lenders acting on behalf of the SBA and the United States made payments based on the mistaken and erroneous belief that the PPP loan applications included accurate information and complied with PPP Rules. The PPP loans were also forgiven based on the mistaken and erroneous belief that the PPP loan forgiveness applications included accurate information and complied with PPP Rules.

80. By reason of the foregoing, the Government has sustained damages in a substantial amount to be determined at trial.

FOURTH CLAIM

Unjust Enrichment

81. The Government incorporates by reference each of the preceding paragraphs as if fully set forth herein.

82. Through the acts set forth above, Defendants received PPP funds to which they were not entitled and therefore were unjustly enriched. The circumstances are such that, in equity and good conscience, Defendants should not retain those payments, the amount of which is to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, the United States respectfully requests that judgment be entered in its favor and against Defendants as follows:

- (1) On the First and Second Claims (violations of the False Claims Act, 31 U.S.C. §§ 3729(a)(1)(A), 3729(a)(1)(B)), for a sum equal to treble the United States' damages and civil penalties to the maximum amount allowed by law;
- (2) On the Third and Fourth Claims (Payment by Mistake of Fact and Unjust Enrichment), for a sum equal to the damages to the extent allowed by law; and
- (3) Granting the United States costs and such further relief as the Court may deem proper.

Dated: December 6, 2024
New York, New York

DAMIAN WILLIAMS
United States Attorney for the
Southern District of New York

By:


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