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TO BE SUBMITTED UNDER SEAL

SEALED

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF CALIFORNIA

United States ex rel. GNGH2 Inc.	)	Case No.:. <u>2:23-cv-1361 KJM CKD</u>
	)	
Plaintiff,	)	COMPLAINT UNDER THE FALSE
	)	CLAIMS ACT
vs.	)	
CARSON TAHOE PHYSICIAN CLINICS,	)	
	)	
Defendant(s)	)	

Plaintiff-Relator, complaining of the Defendant by its attorney respectfully sets forth and alleges as follows:

I. Nature of the Case

1. This is a false claims act claim. The Qui Tam Plaintiff and Relator, GNGH2 Inc. ("Relator"), alleges that the Defendant fraudulently obtained disaster relief under the Paycheck Protection Program means of fraudulent certifications of eligibility.

II. Parties

2. Plaintiff-Relator GNGH2 is a New Jersey corporation.

1 3. Defendant CARSON TAHOE PHYSICIAN CLINICS ("CTPC" or "Defendant") is a
2 Nevada for-profit corporation which is duly authorized to do business in California.

3 4. Defendant operates a medical practice which serves patients in northern Nevada and
4 eastern California. Defendant is a wholly-owned subsidiary of the Carson Tahoe Health System
5 which, as a combined entity, has thousands of employees and hundreds of millions of dollars in
6 assets.

7 **III Jurisdiction and Venue**

8 5. This Court has Federal Question jurisdiction over this matter in that Relator asserts
9 claims under the False Claims Act, a federal statute.

10 6. This Court has personal jurisdiction over the Defendants in that personal jurisdiction
11 under the False Claims Act is based on the Defendants' contacts with the United States as a
12 whole. In this case, the Defendants are located in the United States and in any event this matter
13 arises from the Defendants' application for and receipt of a federal grant.

14 7. This matter is venued in the Eastern District of California based on the fact that the
15 Defendant is duly qualified to transact business in California and offers services to patients in the
16 Eastern District of California, specifically in Nevada County and Placer County.

17 **V. Background**

18 8. Throughout most of 2020, the United States was faced with a large-scale outbreak of the
19 virus commonly known as "Coronavirus" and "COVID-19." (the "Coronavirus Epidemic").

20 9. In addition to the Coronavirus Epidemic itself, the United States was faced with large
21 scale outbreaks of panic and hysteria as a result of the Coronavirus Epidemic.

22 10. All of the above has resulted in major economic disruption and as a result Congress
23 enacted various measures including the Cares Act which was intended to provide relief to small
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businesses which lost business due to lockdowns and other measures which were enacted as a result of the above-described hysteria.

11. The Defendant applied for and received Paycheck Protection relief under the Cares Act as follows:

Loan Number	Date	Amount	Forgiven
6870807206	4/28/2020	\$2,095,980	6/9/2021
2078288602	3/13/2021	\$2,000,000	11/26/2021

12. The Defendant's status as organization and relationship with its affiliates made it ineligible. Nevertheless, the Defendant certified that it was eligible.

VI. (Count I) Violation of the False Claims Act

13. The False Claims Act imposes liability on a person or entity who " knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim" 31 U.S.C. Section 3729(a)(1)(B)

14. The Courts have held that this can include false statements regarding eligibility to participate in a program. See *United States ex rel. Kirk v. Schindler Elevator Corp.*, 601 F.3d 94, 116 (2d Cir. 2010), rev'd on other grounds, 131 S.Ct. 1885 (2011) ("[C]laims may be false even though the services are provided as claimed if, for example, the claimant is ineligible to participate in the program.")

15. Thus, the Defendant's certification of eligibility violated the False Claims Act because it was false and required for eligibility for disaster relief.

VII. Relief Sought

16. On behalf of the government, Relator is seeking judgment for the triple damages and civil penalties set forth in 31 U.S.C. Section 3729.

1 17. The Defendant received at least approximately \$4,095,080 in disaster relief as a result of
2 the certification set forth above.

3 18. Accordingly, Relator seeks judgment in the amount of \$12,285,240 against the
4 Defendant and in favor of the United States, together with costs, interest, civil penalties, an
5 appropriate qui tam award, and such other and further relief as the Court deems just.

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11 Dated: Los Angeles, CA
12 July 9, 2023
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