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Plaintiff/Relator
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SUSAN Y. SOONG
CLERK, U.S. DISTRICT COURT
NORTH DISTRICT OF CALIFORNIA

UNDER SEAL

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, ex rel. BRYAN QUESENBERRY, Plaintiff, vs. BAY WIRE, INC.; BIG DOG CONSTRUCTION; DYNAMIC INTEGRATED SOLUTIONS, LLC; FILLMORE STREET RESTAURANT PARTNERS, LP; G FAMILY, INC.; GIO CHA DUC HUONG CORPORATION; INFOWORKS.IO, INC.; IWAMOTOSCOTT ARCHITECTURE, LLP; KARP CAPITAL MANAGEMENT CORPORATION; LA BAGUETTE, LLC; LABORATORY FAMILY SERVICES, INC.; LARK AVENUE CAR WASH; LIGHTNING MOTORS CORPORATION; M5 PARTNERS, INC.; MALEKO BUSINESS SERVICES; MAS MAC, INC.; MG-HILA, LLC; MY CHEVROLET, INC.; ONEPACS, LLC; ORTON ENTERTAINMENT, LLC; POKE	**COMPLAINT FOR VIOLATION OF FEDERAL FALSE CLAIMS ACT** **(Filed in camera and under seal)** **(DO NOT PLACE ON PACER)** **JURY TRIAL DEMANDED** Cv 20 6451 Case No. JCS

HOUSE, INC.; PRIORITY ACQUISITIONS, INC.; QOTIENT, INC.; RADEFF DESIGN STUDIOS; REDWOOD SERVICES, INC.; ROOTS COMMUNITY HEALTH CENTER; SCC AT HOME, LLC; SWEET THINGS; THE INDEPENDENT, LLC; THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND; TKK, LLC; and TREELINE SECURITY, Defendants.	

Plaintiff-Relator Bryan Quesenberry, acting *pro se*, on behalf of the United States of America (the "Government" or the "Federal Government") and against the above-named Defendants, alleges based upon personal knowledge, relevant documents, information, and belief, as follows.

INTRODUCTION

1. This is an action to recover damages and civil penalties on behalf of the United States of America arising from false and/or fraudulent records, statements, and claims made and caused to be made by Defendants and/or their agents and employees, in violation of the federal False Claims Act, 31 U.S.C. §§ 3729, *et seq*. **("the FCA").**

2. This action seeks to recover millions of federal dollars wrongfully loaned to Defendants through the Federal Government's Payroll Protection

Program **("PPP")**. The PPP provides a pathway to borrowers for forgiveness of these loans.

3. Pursuant to the PPP, the Federal Government has spent billions of dollars in stimulus funding, as well as other federal funding, to support and aid legitimate businesses through the coronavirus pandemic.

4. This action alleges that certain Defendants applied multiple times for PPP funds and received PPP funds multiple times despite the PPP application and rules prohibiting applicants from receiving PPP funds more than once.

5. The FCA was enacted during the Civil War, and was substantially amended in 1986, and again in 2009 and 2010. Congress amended the FCA in 1986 to enhance the Federal Government's ability to recover losses sustained as a result of fraud against the United States after finding that fraud in federal programs was pervasive and that the FCA, which Congress characterized as a primary tool for combating government fraud, was in need of modernization. The amendments create incentives for individuals to come forward with information about fraud against the Federal Government without fear of reprisals or inaction, and enable the use of private legal resources to prosecute fraud claims on the Federal Government's behalf.

6. The FCA prohibits, *inter alia*: (1) knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval; and (2)

knowingly making or using, or causing to be made or used, a false or fraudulent record or statement material to a false or fraudulent claim. 31 U.S.C. §§ 3729(a)(1)(A), (B). Any person who violates the FCA is liable for a civil penalty of up to $11,000 for each such claim, **plus three times the amount of the damages** sustained by the Government. 31 U.S.C. § 3729(a)(1)(A) (as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 [28 U.S.C. § 2461 note; Public Law 104-410]).

7. In 2009, Congress amended the FCA to clarify that a "claim" includes "any request or demand, whether under a contract or otherwise, for money or property and whether or not the United States has title to the money or property that (i) is presented to an officer, employee, or agent of the United States; or (ii) is made to a contractor, grantee, or other recipient, if the money or property is to be spent or used on the Government's behalf or to advance a Government program or interest…" 31 U.S.C. § 3729(b)(2).

8. The FCA allows any person having information about an FCA violation to bring an action for himself and the Federal Government, and to share in any recovery. The FCA requires that the complaint be filed under seal for a minimum of 60 days (without service on Defendants during that time) to allow the Federal Government time to conduct its own investigation and to determine whether to join the suit.

9. Based on the foregoing laws, *qui tam* Plaintiff/Relator seeks through this action to recover all available damages, civil penalties, and other relief for the violations alleged herein in every jurisdiction to which Defendants' misconduct has extended.

PARTIES

10. Plaintiff/Relator Bryan Quesenberry **("Relator")** is a resident of Utah. He brings this action on behalf of the United States of America, the real party in interest.

11. Defendant Bay Wire, Inc. **("Bay Wire")** is a California entity doing business in Hayward, California. Bay Wire applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/27/2020 and approved for another $150,000 – $350,000 on 6/30/2020. Upon information and belief, this entity received these funds.

12. Defendant Big Dog Construction **("Big Dog")** is a California entity doing business in Berkeley, California. Big Dog applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/30/2020 and approved for another $150,000 – $350,000 on 6/29/2020. Upon information and belief, this entity received these funds.

13. Defendant Dynamic Integrated Solutions, LLC **("Dynamic")** is a California entity doing business in San Jose and/or Santa Clara, California.

Dynamic applied for PPP funds twice, and was approved for $350,000 - $1 million on 4/30/2020 and approved for another $350,000 - $1 million on 5/1/2020. Upon information and belief, this entity received these funds.

14. Defendant Fillmore Street Restaurant Partners, LP **("Fillmore")** is a California entity doing business in San Francisco, California. Fillmore applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/3/2020 and approved for another $150,000 – $350,000 on 5/6/2020. Upon information and belief, this entity received these funds.

15. Defendant G Family, Inc. **("G Family")** is a California entity doing business in San Rafael, California. G Family applied for PPP funds twice, and was approved for $350,000 - $1 million on 5/3/2020 and approved for another $350,000 - $1 million on 5/3/2020. Upon information and belief, this entity received these funds.

16. Defendant Gio Cha Duc Huong Corporation **("Gio Cha")** is a California entity doing business in San Jose, California. Gio Cha applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/3/2020 and approved for another $150,000 – $350,000 on 6/30/2020. Upon information and belief, this entity received these funds.

17. Defendant Infoworks.io, Inc. **("Infoworks")** is a California entity doing business in Palo Alto, California. Infoworks applied for PPP funds twice,

and was approved for $1 – 2 million on 6/29/2020 and approved for another $1 – 2 million on 6/30/2020. Upon information and belief, this entity received these funds.

18. Defendant Iwamotoscott Architecture, LLP **("Iwamotoscott")** is a California entity doing business in San Francisco, California. Iwamotoscott applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/28/2020 and approved for another $150,000 – $350,000 on 4/29/2020. Upon information and belief, this entity received these funds.

19. Defendant Karp Capital Management Corporation **("Karp")** is a California entity doing business in San Francisco, California. Karp applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/18/2020 and approved for another $150,000 – $350,000 on 5/19/2020. Upon information and belief, this entity received these funds.

20. Defendant La Baguette, LLC **("La Baguette")** is a California entity doing business in Palo Alto, California. La Baguette applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/14/2020 and approved for another $150,000 – $350,000 on 4/14/2020. Upon information and belief, this entity received these funds.

21. Defendant Laboratory Family Services, Inc. **("Laboratory")** is a California entity doing business in Livermore, California. Laboratory applied for

PPP funds twice, and was approved for $350,000 - $1 million on 5/26/2020 and approved for another $150,000 – $350,000 on 6/30/2020. Upon information and belief, this entity received these funds.

22. Defendant Lark Avenue Car Wash **("Lark Avenue")** is a California entity doing business in Campbell, California. Lark Avenue applied for PPP funds three times. It was approved for $350,000 - $1 million on 5/3/2020, approved for another $350,000 - $1 million on 5/3/2020, and approved for $2 – 5 million on 5/3/20. Upon information and belief, this entity received these funds.

23. Defendant Lightening Motors Corporation **("Lightening Motors")** is a California entity doing business in San Jose, California. Lightening Motors applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/28/2020 and approved for another $150,000 – $350,000 on 5/3/2020. Upon information and belief, this entity received these funds.

24. Defendant M5 Partners, Inc. **("M5 Partners")** is a California entity doing business in Burlingame, California. M5 Partners applied for PPP funds twice, and was approved for $350,000 - $1 million on 5/3/2020 and approved for another $350,000 - $1 million on 5/3/2020. Upon information and belief, this entity received these funds.

25. Defendant Maleko Business Services **("Maleko")** is a California entity doing business in Union City, California. Maleko applied for PPP funds

twice, and was approved for $150,000 – $350,000 on 4/10/2020 and approved for another $350,000 - $1 million on 6/11/2020. Upon information and belief, this entity received these funds.

26. Defendant Mas Mac, Inc. **("Mas Mac")** is a California entity doing business in Watsonville, California. Mas Mac applied for PPP funds twice, and was approved for $350,000 - $1 million on 4/27/2020 and approved for another $350,000 - $1 million on 4/30/2020. Upon information and belief, this entity received these funds.

27. Defendant MG-Hila, LLC **("MG-Hila")** is a California entity doing business in San Francisco, California. MG-Hila applied for PPP funds twice, and was approved for $1 - 2 million on 4/11/2020 and approved for another $2 - 5 million on 4/15/2020. Upon information and belief, this entity received these funds.

28. Defendant My Chevrolet, Inc. **("My Chevrolet")** is a California entity doing business in Salinas, California. My Chevrolet applied for PPP funds twice, and was approved for $1 - 2 million on 4/27/2020 and approved for another $1 - 2 million on 5/3/2020. Upon information and belief, this entity received these funds.

29. Defendant Onepacs, LLC **("Onepacs")** is a California entity doing business in Palo Alto, California. Onepacs applied for PPP funds twice, and was

approved for $150,000 – $350,000 on 4/28/2020 and approved for another $150,000 – $350,000 on 5/3/2020. Upon information and belief, this entity received these funds.

30. Defendant Orton Entertainment, LLC **("Orton")** is a California entity doing business in Emeryville and/or Richmond, California. Orton applied for PPP funds twice, and was approved for $350,000 - $1 million on 4/27/2020 and approved for another $150,000 – $350,000 on 4/28/2020. Upon information and belief, this entity received these funds.

31. Defendant Poke House, Inc. **("Poke House")** is a California entity doing business in San Jose, California. Poke House applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/27/2020 and approved for another $150,000 – $350,000 on 5/1/2020. Upon information and belief, this entity received these funds.

32. Defendant Priority Acquisitions, Inc. **("Priority Acquisitions")** is a California entity doing business in Castro Valley, California. Priority Acquisitions applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/15/2020 and approved for another $150,000 – $350,000 on 5/21/2020. Upon information and belief, this entity received these funds.

33. Defendant Qotient, Inc. **("Qotient")** is a California entity doing business in San Jose, California. Qotient applied for PPP funds twice, and was

approved for $350,000 - $1 million on 6/22/2020 and approved for another $350,000 - $1 million on 6/30/2020. Upon information and belief, this entity received these funds.

34. Defendant Radeff Design Studios **("Radeff")** is a California entity doing business in San Francisco, California. Radeff applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/3/2020 and approved for another $150,000 – $350,000 on 6/30/2020. Upon information and belief, this entity received these funds.

35. Defendant Redwood Services, Inc. **("Redwood")** is a California entity doing business in Burlingame, California. Redwood applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/30/2020 and approved for another $150,000 – $350,000 on 5/3/2020. Upon information and belief, this entity received these funds.

36. Defendant Roots Community Health Center **("Health Center")** is a California entity doing business in Oakland, California. Health Center applied for PPP funds twice, and was approved for $1 - 2 million on 4/10/2020 and approved for another $1 - 2 million on 4/27/2020. Upon information and belief, this entity received these funds.

37. Defendant SCC at Home, LLC **("SCC")** is a California entity doing business in Campbell, California. SCC applied for PPP funds twice, and was

approved for $150,000 – $350,000 on 5/1/2020 and approved for another $150,000 – $350,000 on 6/30/2020. Upon information and belief, this entity received these funds.

38. Defendant Sweet Things **("Sweet Things")** is a California entity doing business in Tiburon, California. Sweet Things applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/3/2020 and approved for another $150,000 – $350,000 on 5/3/2020. Upon information and belief, this entity received these funds.

39. Defendant The Independent, LLC **("Independent")** is a California entity doing business in San Francisco, California. Independent applied for PPP funds twice, and was approved for $150,000 – $350,000 on 5/3/2020 and approved for another $150,000 – $350,000 on 5/3/2020. Upon information and belief, this entity received these funds.

40. Defendant The Roman Catholic Welfare Corporation of Oakland **("Roman Catholic Welfare Corp.")** is a California entity doing business in Oakland, California. Roman Catholic Welfare Corp. applied for PPP funds approximately 25 times on behalf of approximately 660 employees between 4/15/20 and 6/30/20. Upon information and belief, this entity received these funds.

41. Defendant TKK, LLC **("TKK")** is a California entity doing business in Livermore, California. TKK applied for PPP funds twice, and was approved for

$150,000 – $350,000 on 6/30/2020 and approved for another $150,000 – $350,000 on 6/30/2020. Upon information and belief, this entity received these funds.

42. Defendant Treeline Security **("Treeline")** is a California entity doing business in San Francisco, California. Treeline applied for PPP funds twice, and was approved for $150,000 – $350,000 on 4/30/2020 and approved for another $350,000 - $1 million on 5/3/2020. Upon information and belief, this entity received these funds.

43. The following is a chart summarizing Defendants:

AMOUNT	DEFENDANT	CITY	APP. DATE
$150,000-350,000	BAY WIRE, INC.	HAYWARD	4/27/2020
$150,000-350,000	BAY WIRE, INC.	HAYWARD	6/30/2020
$150,000-350,000	BIG DOG CONSTRUCTION	BERKELEY	4/30/2020
$150,000-350,000	BIG DOG CONSTRUCTION	BERKELEY	6/29/2020
$350,000-1 million	DYNAMIC INTEGRATED SOLUTIONS, LLC	SAN JOSE	5/1/2020
$350,000-1 million	DYNAMIC INTEGRATED SOLUTIONS, LLC	SANTA CLARA	4/30/2020
$150,000-350,000	FILLMORE STREET RESTAURANT PARTNERS LP	SAN FRANCISCO	5/6/2020
$150,000-350,000	FILLMORE STREET RESTAURANT PARTNERS LP	SAN FRANCISCO	5/3/2020
$350,000-1 million	G FAMILY, INC.	SAN RAFAEL	5/3/2020

$350,000-1 million	G FAMILY, INC.	SAN RAFAEL	5/3/2020
$150,000-350,000	GIO CHA DUC HUONG CORPORATION	SAN JOSE	5/3/2020
$150,000-350,000	GIO CHA DUC HUONG CORPORATION	SAN JOSE	6/30/2020
$1-2 million	INFOWORKS.IO, INC.	PALO ALTO	6/29/2020
$1-2 million	INFOWORKS.IO, INC.	PALO ALTO	6/30/2020
$150,000-350,000	IWAMOTOSCOTT ARCHITECTURE, LLP	SAN FRANCISCO	4/29/2020
$150,000-350,000	IWAMOTOSCOTT ARCHITECTURE, LLP	SAN FRANCISCO	4/28/2020
$150,000-350,000	KARP CAPITAL MANAGEMENT CORPORATION	SAN FRANCISCO	5/18/2020
$150,000-350,000	KARP CAPITAL MANAGEMENT CORPORATION	SAN FRANCISCO	5/19/2020
$150,000-350,000	LA BAGUETTE, LLC	PALO ALTO	4/14/2020
$150,000-350,000	LA BAGUETTE, LLC	PALO ALTO	4/14/2020
$350,000-1 million	LABORATORY FAMILY SERVICES, INC.	LIVERMORE	5/26/2020
$150,000-350,000	LABORATORY FAMILY SERVICES, INC.	LIVERMORE	6/30/2020
$2-5 million	LARK AVENUE CAR WASH	CAMPBELL	5/3/2020
$350,000-1 million	LARK AVENUE CAR WASH	CAMPBELL	5/3/2020
$350,000-1 million	LARK AVENUE CAR WASH	CAMPBELL	5/3/2020
$150,000-350,000	LIGHTNING MOTORS CORPORATION	SAN JOSE	5/3/2020
$150,000-350,000	LIGHTNING MOTORS CORPORATION	SAN JOSE	4/28/2020

$350,000-1 million	M5 PARTNERS, INC.	BURLINGAME	5/3/2020
$350,000-1 million	M5 PARTNERS, INC.	BURLINGAME	5/3/2020
$350,000-1 million	MALEKO BUSINESS SERVICES	UNION CITY	6/11/2020
$150,000-350,000	MALEKO BUSINESS SERVICES	UNION CITY	4/10/2020
$350,000-1 million	MAS MAC, INC.	WATSONVILLE	4/27/2020
$350,000-1 million	MAS MAC, INC.	WATSONVILLE	4/30/2020
$2-5 million	MG-HILA LLC	SAN FRANCISCO	4/15/2020
$1-2 million	MG-HILA LLC	SAN FRANCISCO	4/11/2020
$1-2 million	MY CHEVROLET, INC.	SALINAS	4/27/2020
$1-2 million	MY CHEVROLET, INC.	SALINAS	5/3/2020
$150,000-350,000	ONEPACS LLC	PALO ALTO	5/3/2020
$150,000-350,000	ONEPACS LLC	PALO ALTO	4/28/2020
$350,000-1 million	ORTON ENTERTAINMENT LLC	EMERYVILLE	4/27/2020
$150,000-350,000	ORTON ENTERTAINMENT LLC	RICHMOND	4/28/2020
$150,000-350,000	POKE HOUSE, INC.	SAN JOSE	5/1/2020
$150,000-350,000	POKE HOUSE, INC.	SAN JOSE	4/27/2020
$150,000-350,000	PRIORITY ACQUISITIONS, INC.	CASTRO VALLEY	5/21/2020
$150,000-350,000	PRIORITY ACQUISITIONS, INC.	CASTRO VALLEY	5/15/2020

$350,000-1 million	QOTIENT, INC.	SAN JOSE	6/22/2020
$350,000-1 million	QOTIENT, INC.	SAN JOSE	6/30/2020
$150,000-350,000	RADEFF DESIGN STUDIOS	SAN FRANCISCO	5/3/2020
$150,000-350,000	RADEFF DESIGN STUDIOS	SAN FRANCISCO	6/30/2020
$150,000-350,000	REDWOOD SERVICES, INC.	BURLINGAME	5/3/2020
$150,000-350,000	REDWOOD SERVICES, INC.	BURLINGAME	4/30/2020
$150,000-350,000	ROMAN CATHOLIC WELFARE CORPORATION	SAN LEANDRO	5/3/2020
$150,000-350,000	ROMAN CATHOLIC WELFARE CORPORATION	SANTA ROSA	4/27/2020
$150,000-350,000	ROMAN CATHOLIC WELFARE CORPORATION	ALAMEDA	5/1/2020
$1-2 million	ROOTS COMMUNITY HEALTH CENTER	OAKLAND	4/10/2020
$1-2 million	ROOTS COMMUNITY HEALTH CENTER	OAKLAND	4/27/2020
$150,000-350,000	SCC AT HOME LLC	CAMPBELL	6/30/2020
$150,000-350,000	SCC AT HOME LLC	SUNNYVALE	5/1/2020
$150,000-350,000	SWEET THINGS	TIBURON	5/3/2020
$150,000-350,000	SWEET THINGS	TIBURON	5/3/2020
$150,000-350,000	THE INDEPENDENT LLC	SAN FRANCISCO	5/3/2020
$150,000-350,000	THE INDEPENDENT LLC	SAN FRANCISCO	5/3/2020
$2-5 million	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	OAKLAND	4/15/2020

$350,000-1 million	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	FREMONT	4/28/2020
$350,000-1 million	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	WALNUT CREEK	4/28/2020
$350,000-1 million	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	DANVILLE	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	OAKLAND	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	HAYWARD	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	HAYWARD	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	LAFAYETTE	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	OAKLAND	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	HAYWARD	4/29/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	SAN LEANDRO	4/29/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	PIEDMONT	4/29/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	ANTIOCH	4/27/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	FREMONT	4/27/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	SAN LORENZO	4/30/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	FREMONT	4/27/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	RICHMOND	4/30/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	HAYWARD	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	NEWARK	4/28/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	OAKLAND	4/30/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	DUBLIN	4/30/2020
$150,000-350,000	THE ROMAN CATHOLIC WELFARE CORPORATION OF OAKLAND	RODEO	4/28/2020
$150,000-350,000	TKK LLC	LIVERMORE	6/30/2020

$150,000-350,000	TKK LLC	LIVERMORE	6/30/2020
$350,000-1 million	TREELINE SECURITY	SAN FRANCISCO	5/3/2020
$150,000-350,000	TREELINE SECURITY	SAN FRANCISCO	4/30/2020

44. According to the PPP application discussed below, owners of Defendants include partners or members owning 20% or more equity in the company. Upon information and belief, and after further discovery in this matter, Relator anticipates he will need to amend this Complaint to add in such owners or representatives as co-defendants if they were complicit in the fraudulent misrepresentations listed herein.

JURISDICTION AND VENUE

45. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and 31 U.S.C. § 3732, the latter of which specifically confers jurisdiction on this Court for actions brought pursuant to 31 U.S.C. §§ 3729 and 3730. Although this issue is no longer jurisdictional after the 2009 amendments to the FCA, to Realtor's knowledge there has been no statutorily relevant public disclosure of the "allegations or transactions" in this Complaint, as those concepts are used in 31 U.S.C. § 3730(e), as amended by Pub. L. No. 111-148, § 10104(j)(2), 124 Stat. 119, 901-02.

46. Moreover, whether or not such a disclosure has occurred, Relator would qualify as an "original source" of the information on which the allegations or transactions in this Complaint are based. Plaintiff researched and discovered through a records request the pertinent dates of formation and other related entity information of each Defendant.

47. This Court has personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a) because that section authorizes nationwide service of process and because Defendants are California entities.

48. Venue is proper in the Northern District of California pursuant to 28 U.S.C. § 1391(b)-(c) and 31 U.S.C. § 3732(a) because Defendants can be found in and/or transacted business in this district, and because violations of 31 U.S.C. §§ 3729 *et seq*. alleged herein occurred within this district. At all times relevant to this Complaint, Defendants regularly conducted substantial business within this district.

THE PAYCHECK PROTECTION PROGRAM

49. Congress added sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act **("CARES Act")**. Section 1102 contains a new program called the Paycheck Protection Program **("PPP")** and is party of the U.S. Small Business Administration's **("SBA")** 7(a) Loan Program. These two sections are intended to provide economic relief to small businesses nationwide adversely

impacted by the coronavirus pandemic and the COVID-19 Emergency Declaration issued by President Trump on March 13, 2020.

50. Due to the COVID-19 emergency, many small businesses nationwide are experiencing economic hardship as a direct result of the Federal, State, and local public health measures that are being taken to minimize the public's exposure to the coronavirus.

51. The SBA received funding and authority through the CARES Act to modify existing loan programs and establish the new PPP loan program to assist small businesses nationwide adversely impacted by the coronavirus pandemic.

52. Section 1102 of the Act temporarily permits SBA to guarantee 100% of 7(a) loans under the PPP. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the PPP.

53. The CARES Act was intended to provide relief to America's small businesses expeditiously.

54. The CARES Act gives lenders delegated authority to process loan applications for PPP funding. SBA allowed lenders to rely on certifications of the borrowers in order to determine eligibility of the borrower and use of loan proceeds, and to rely on specified documents provided by the borrower to

determine qualifying loan amount, and eligibility for loan forgiveness. Lenders are held harmless for borrowers' failures to comply with PPP rules.

55. Defendants had to submit documentation necessary to establish eligibility such as payroll processor records, payroll tax filings, form 1099s, income and expenses documentation.

56. In general, Defendants calculated an amount to borrow by aggregating payroll costs from the previous 12 months for employees whose principal place of residence is the United States. Annual employee salaries are capped at $100,000. The borrower then calculated the average monthly payroll cost and multiplied that amount by a factor of 2.5.

57. One certification on the Application states, "Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant."

58. Each Defendant certified on its PPP applications that "[d]uring the period beginning on February 15, 2020 and ending on December 31, 2020, ***the Applicant has not and will not receive another loan under the Paycheck Protection Program***." (Emphasis added.)

59. Defendants also "further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects."

60. Finally, all Applicants certify that they "understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than $5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000."

ALLEGATIONS

61. According to the Small Business Administration (SBA), California-based entities who applied for and received at least $150,000 in PPP funds totaled approximately 87,691.

62. Plaintiff reviewed and analyzed data from the SBA to identify California-based entities who applied more than once for PPP funds. Plaintiff then cross-checked that data with the California Secretary of State's website to confirm various data points and information and fully identify entities who unlawfully applied more than once for PPP funds. The result was the above-named Defendants for this federal district of California.

63. Defendants each certified on their PPP applications that "[d]uring the period beginning on February 15, 2020 and ending on December 31, 2020, the

Applicant has not and will not receive another loan under the Paycheck Protection Program."

64. Also, according to the application, Defendants cannot have more than 500 employees to be eligible for PPP funds.

65. Defendants thus made material misrepresentations on their applications for PPP funds, knowing lenders and the Federal Government would rely on said representations in paying PPP funds to Defendants.

66. Relator reserves the right to amend this Complaint and expand these allegations upon review of the actual applications and supporting documentation submitted by Defendants.

False Claims Act

31 U.S.C. § 3729(a)(1)(A)-(B)

67. Relator realleges and incorporates by reference the allegations contained in the foregoing paragraphs as though fully set forth herein.

68. This is a claim for treble damages and penalties under the False Claims Act, 31 U.S.C. § 3729, *et seq*., as amended.

69. By virtue of the acts described above, Defendants knowingly presented or caused to be presented, false or fraudulent claims to the United States Government, or authorized agent of the United States Government, for payment or approval.

70. By virtue of the acts described above, Defendants knowingly made or used, or caused to be made or used, false or fraudulent records or statements material to false or fraudulent claims for payment by the Government.

71. Relator cannot at this time identify all of the false claims for payment that were caused by Defendants' conduct. The false claims were presented to third party lending institutions. Relator does not have access to the records of all such false or fraudulent statements or claims.

72. Lenders, acting on behalf of the Federal Government, were guaranteed 100% of the PPP loans. Said lenders were unaware of the falsity of the records, statements, and claims made or caused to be made by Defendants. Said lenders paid the claims that would not be paid but for Defendants' illegal conduct.

73. By reason of Defendants' acts, the United States has been damaged, and continues to be damaged, in a substantial amount to be determined at trial.

74. Additionally, the United States is entitled to the maximum penalty of up to $11,000 for each and every violation arising from Defendants' unlawful conduct alleged herein.

PRAYER

WHEREFORE, *qui tam* Plaintiff/Relator prays for judgment against each Defendant as follows:

1. That this Court enter judgment against each Defendant in an amount equal to three times the damages the United Sates has sustained because of Defendant's actions, plus a civil penalty of not less than $5,500 and not more than $11,000 for each violation of 31 U.S.C. § 3729;
2. That Relator be awarded the maximum amount allowed pursuant to 31 U.S.C. § 3730(d);
3. That Relator be awarded all costs of this action, including attorney's fees and expenses; and
4. That Relator recover such other relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Relator hereby demands a trial by jury.

Dated: 9/7/2020

Respectfully submitted,

Bryan Quesenberry
Plaintiff/Relator