McCabe Rabin Announces First Whistleblower Qui Tam Settlement in Florida for Paycheck Protection Program Violations

McCabe Rabin Announces the First Whistleblower Qui Tam Settlement in Florida for Violations of Paycheck Protection Program Rules

WEST PALM BEACH, FL, UNITED STATES, September 22, 2021 /EINPresswire.com/ -- McCabe Rabin announces the settlement of United States ex. rel. Hablitzel v. All in Jets, LLC and Seth A. Bernstein, No. 20-cv-61420-Altonaga in the U.S. District Court for the Southern District of Florida. Attorneys Adam Rabin and Lauren Johnson, together with co-counsel Harris Nizel at Nizel Law, represented the whistleblower.

The case is the first False Claims Act (FCA) case alleging violations of Paycheck Protection Program (PPP) rules to settle in Florida and the fourth in the United States.

On March 27, 2020, Congress created the PPP as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP enabled qualifying small businesses (less than 500 employees) to obtain forgivable loans, backed by the Small Business Administration (SBA), for the limited purpose of covering payroll costs, rent, mortgage interest, and utilities for a specified period.

On April 27, 2020, a jet chartering company based in South Florida, All in Jets, LLC d/b/a JetReady, received a PPP loan totaling $1,173,382. Upon receipt, the company's owner, Seth A. Bernstein ("Bernstein"), immediately diverted $98,929 to pay for personal expenses, including a donation to help build a drive-in movie theater for summer residents in Nantucket, Massachusetts, a transfer of funds to a construction company to build a sports/recreation court at Bernstein's home, and payments made to a third-party medical practice.

On July 6, 2020, the firm's whistleblower client, a former accountant for the company, filed a sealed action under the False Claims Act against the company and Bernstein, asserting that certain PPP loan proceeds were not used for authorized purposes. On August 9, 2020, the company filed bankruptcy.

After a year-long investigation by the Department of Justice and U.S. Attorney's Office for the Southern District of Florida, the case ultimately settled with Bernstein individually for a total of $366,440.756, including recovery of the whistleblower's attorney's fees. Under the terms of the settlement, the Government will receive $287,055, a recovery that approximates treble damages, a remedy available under the FCA. The Government will pay $57,411 as the "relator share" to the whistleblower.

McCabe Rabin thanks Assistant United States Attorney James Weinkle, DOJ Trial Attorney

Jonathan Gold, and SBA attorney Arlene Embrey, for conducting an efficient and thorough investigation that led to a successful resolution of the case, notwithstanding that the company had filed bankruptcy.
Each year, taxpayers lose billions of dollars due to fraud perpetrated on government programs such as the PPP. Under the qui tam provisions of the FCA, whistleblowers are entitled to share in the recovery of funds that government programs have paid out to participants based upon the submission of false claims.

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Adam Rabin
McCabe Rabin, PA
+1 561-659-7878
email us here
