

Federal Contracting  
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# Pandemic Fraud Fueled Record Year for False Claims Act Lawsuits

By Daniel Seiden

## Documents

 [DOJ announcement](#)

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- Recovery due to 'tremendous' DOJ health fraud resources
  - Paycheck Protection Program fraud just 'tip of the iceberg'

The Justice Department obtained the highest number of False Claims Act settlements and judgments in history by targeting pandemic-related fraud and using the work of whistleblowers, according to several attorneys.

The "frightening truth" is that the No. 1 source of FCA settlements and judgments was fraud in the health-care industry, said Susan M. Coler, who represents whistleblowers with Halunen Law.

This is "an area of our lives where certainty and trust are paramount, but fraud is ubiquitous," she said.

The DOJ announced Thursday that the US government and whistleblowers were party to 543 FCA settlements and judgments this past year—the highest number ever in a single year—and recovered \$2.68 billion.

The record number is "unsurprising given the tremendous resources the government has allocated to ferreting out pandemic-related fraud and health-care fraud," Suzanne Jaffe Bloom of Winston Strawn LLP in New York told Bloomberg Law.

## PPP Fraud

The recovery of \$48.3 million from fraudulent Paycheck Protection Program loans "is just the tip of the iceberg—I anticipate that this number will grow significantly in the coming years," Coler, based in Minneapolis, said.

The PPP was enacted as part of the CARES Act in March 2020 to provide emergency loans guaranteed by the US Small Business Administration, in order to help small businesses affected by the Covid-19 pandemic with payroll, rent, and other expenses.

According to the report, the DOJ resolved about 270 FCA matters in connection with improper PPP loans.

A Mississippi-based trucking company, for example, was ordered in September to pay the government \$482,000 for making misrepresentations about its operating status and employees in a PPP loan application.

Pandemic fraud enforcement is likely the reason why the DOJ report shows an increase from 305 original FCA cases initiated without a whistleblower in 2022, to 500 such cases in 2023, Roderick L. Thomas of Wiley Rein LLP in Washington said.

"These cases often involve alleged PPP loan fraud by individuals with typically lower potential recoveries," Thomas said.

It remains to be seen whether the DOJ will maintain its focus on pandemic-related cases, Thomas said, noting that the Special Inspector General for Pandemic Recovery is subject to a March 2025 sunset provision in the CARES Act.

Inspector General Brian Miller has urged Congress to extend the inspector general role for five years.

#### **'Powerful Force'**

The DOJ's report also reveals that the whistleblower provisions of the FCA are "a success and a big win for taxpayers," said David Colapinto, who represents whistleblowers with Kohn, Kohn & Colapinto LLP in Washington.

Whistleblower suits are responsible for \$2.3 billion of the \$2.68 billion recovery in 2023, which is a return to pre-pandemic levels after 3 consecutive years below \$2 billion, Colapinto said.

The pandemic "definitely caused delays in government investigations," Colapinto said, and it took "longer for the government to obtain information from defendants and perform investigative work."

In the last year, investigations began to return to a pre-pandemic pace, he said.

Colapinto also said that there were more than 1,200 new FCA matters filed by the government and whistleblowers in 2023.

"It is the first time the number of new fraud cases filed in any one fiscal year exceeded 1,000 cases and it's the first time that the DOJ has filed 500 cases in any one year," Colapinto said.

Whistleblower initiated suits account for about 86% of the DOJ's recovery, which "confirms that whistleblowers are a powerful force in fighting fraud and protecting taxpayer dollars," Coler said.

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