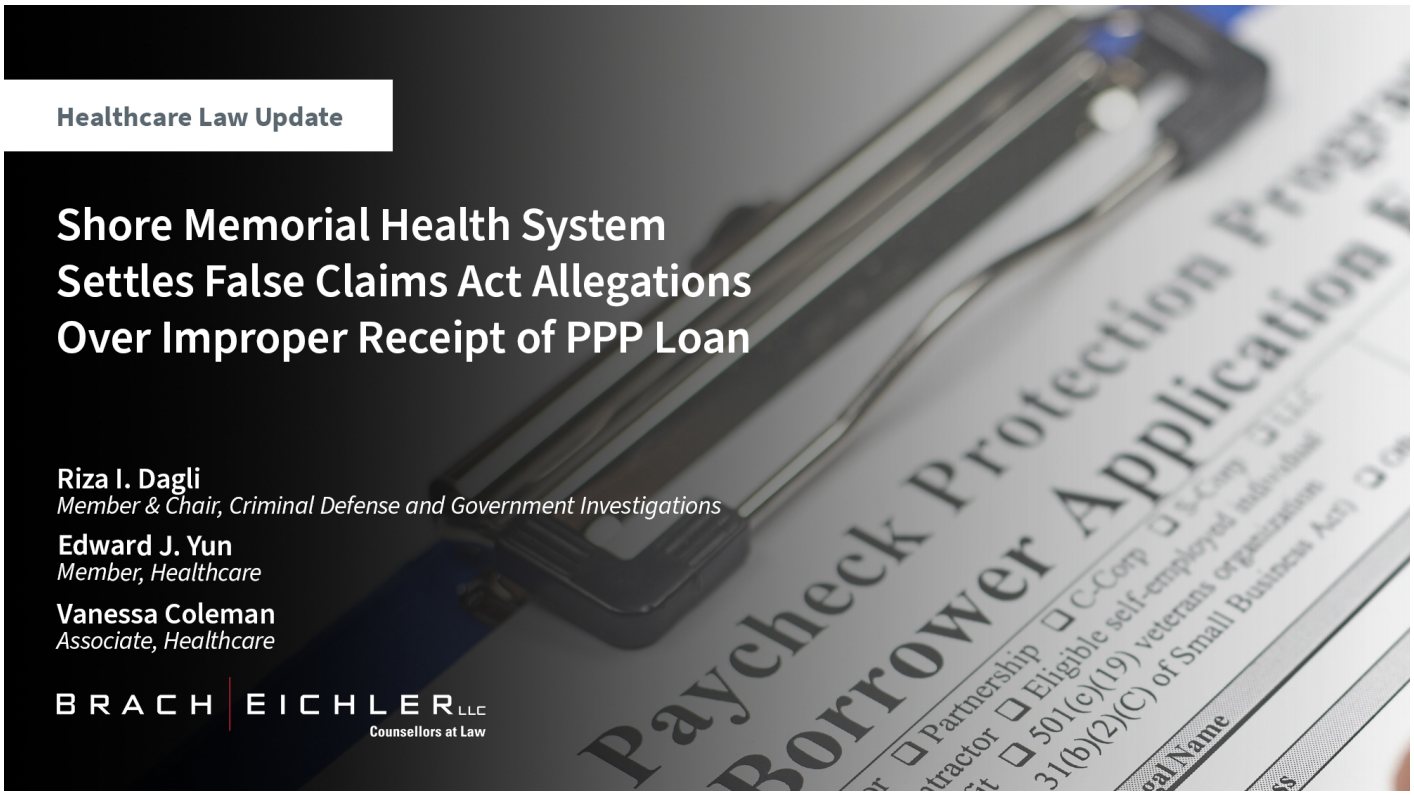
Shore Memorial Health System Settles False Claims Act Allegations Over Improper Receipt of PPP Loan



9/30/2024

In August 2024, Shore Memorial Health System Inc., based in Atlantic County, New Jersey, and an affiliated medical practice agreed to a settlement with the United States to resolve allegations that it violated the False Claims Act by obtaining a Paycheck Protection Program (PPP) loan that it was not entitled to receive. The PPP loan program was established in March 2020 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide financial support to small businesses impacted by the COVID-19 pandemic through forgivable loans to cover payroll and essential expenses.

Shore Memorial Physicians' Group (SPG), an affiliate of the Health System, applied for and was granted a $2.78 million PPP loan. SPG later sought and obtained forgiveness for the entire loan amount. However, SPG was ineligible for the loan due to its affiliation with the Health System, which disqualified it from being classified as a small business under the PPP loan program. In accordance with the terms of the settlement, the Health System and SPG agreed to pay the United States $3.15 million. The settlement also resolves a lawsuit brought under the whistleblower provisions of the False Claims Act, with the whistleblower receiving $315,000.

Click Here to read the entire September 2024 Healthcare Law Update now!

For more information about the issues raised in this Alert, please contact:
Riza I. Dagli | 973.403.3103 | rdagli@bracheichler.com

Edward J. Yun | 973.364.5229 | eyun@bracheichler.com
Vanessa Coleman | 973.364.5208 | vcoleman@bracheichler.com

Authors

The following attorneys contributed to this insight.



Riza I. Dagli

Member
Criminal Defense and Government Investigations, Cannabis Industry, Environmental and Land Use, Healthcare Law, Litigation

973.403.3103 · 973.618.5503 Fax

rdagli@bracheichler.com



Edward J. Yun

Member
Healthcare Law

973.364.5229 · 973.618.5589 Fax

eyun@bracheichler.com



Vanessa Coleman

Associate
Healthcare Law

973.364.5208 · 973.618.5566 Fax

vcoleman@bracheichler.com