

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
Norfolk Division

UNITED STATES OF AMERICA,

Plaintiff,

v.

CASONE ENTERPRISES, LLC,

Defendant.

No.:

COMPLAINT

The United States of America brings this action against Defendant Casone Enterprises, LLC to enforce a Settlement Agreement entered into by Defendant and the United States.

JURISDICTION AND VENUE

1. The Court has jurisdiction over this action pursuant to 28 U.S.C. § 1345.
2. Venue is proper pursuant to 28 U.S.C. § 1391(b) and Local Civil Rule 3(C) because Defendant is located within the Norfolk Division of the United States District Court for the Eastern District of Virginia.

PARTIES

3. Plaintiff is the United States of America.
4. Defendant is Casone Enterprises, LLC, a Virginia Limited Liability Company with a principal office address at 1308 Chickadee Lane, Virginia Beach, Virginia 23454.

GENERAL ALLEGATIONS

5. The Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") was established in March 2020 as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP was intended to provide loans to qualified businesses and self-employed individuals to allow them to maintain payroll and operations through the COVID-

19 pandemic. Qualified businesses or self-employed individuals could apply for PPP loans through a financial institution, and the SBA paid a processing fee to the institution for each PPP loan.

6. In April 2020, Defendant applied for and received two PPP loans, one for \$87,000 and one for \$85,105. In the applications for the loans, Defendant certified that—during the period February 15, 2020, through December 31, 2020—Defendant had not and would not receive another PPP loan.

7. The United States contended that Defendant was ineligible for the second PPP loan, but that Defendant accepted and failed to return the second loan. The United States further contended that Defendant sought forgiveness for the second PPP loan, even though Defendant was not eligible to have received that loan.

8. On August 1, 2022, the United States and the Defendant entered into a Settlement Agreement. A copy of the Settlement Agreement is attached as **Exhibit 1** to this Complaint and incorporated by reference.

9. Defendant's obligations under the Settlement Agreement included, but were not limited to, paying \$101,897 (of which \$89,360 is restitution) to the United States Treasury in monthly installments beginning on August 15, 2022, and continuing until paid in full. *See* Settlement Agreement, at ¶ 1.

10. In consideration for these promises, the United States released Defendant from claims and causes of action pertaining to the conduct described in Settlement Agreement. *See* Settlement Agreement, at ¶ C (description of “covered conduct”); *id.* at ¶ 2 (releases by the United States).

11. On April 11, 2023, the United States and Defendant entered into an Addendum to Settlement Agreement (“First Addendum”), which replaced the existing payment schedule with a new payment schedule for the outstanding balance of \$76,422.72. A copy of the First Addendum is attached as **Exhibit 2** to this Complaint and incorporated by reference.

12. Pursuant to the First Addendum, Defendant was required to pay to the United States Treasury monthly installments of \$12,737.12, beginning on April 17, 2023, and continuing through September 15, 2023.

13. On January 16, 2024, the United States and Defendant entered into the Second Addendum to the Settlement Agreement (“Second Addendum”), which replaced the existing payment schedule with a new payment schedule for the outstanding balance of \$63,685.62. A copy of the Second Addendum is attached as **Exhibit 3** to this Complaint and incorporated by reference.

14. Pursuant to the Second Addendum, Defendant was required to pay to the United States Treasury monthly installments of \$2,653.57, beginning on January 15, 2024, and continuing until paid in full.

15. On January 18, 2024, Defendant made the first payment required under the Second Addendum.

16. On February 15, 2024, Defendant failed to make the next payment required under the Second Addendum.

17. Defendant continued to fail to make payments due on March 15, 2024; April 15, 2024; May 15, 2024; June 15, 2024; and July 15, 2024.

18. On July 16, 2024, the United States sent Defendant a written Notice of Default, as required by Paragraph 4 of the Settlement Agreement, informing Defendant that it was in

default of the Settlement Agreement (and addenda thereto) for failure to comply with the payment schedule.

19. Pursuant to the Settlement Agreement, once the United States notified Defendant of its Default, Defendant had seven days to cure. If Defendant failed to cure its Default, the remaining unpaid balance became “immediately due and payable,” and “interest on the remaining unpaid balance” accrued at “the rate of 12 percent per annum, compounding daily from the date of Default.”

20. Defendant failed to cure its Default after receiving the Notice of Default.

21. As of the date of the Notice of Default, the outstanding balance due under the Settlement Agreement was \$61,032.05.

22. As of December 13, 2024, Defendant has made no additional payments under the Settlement Agreement.

COUNT ONE – BREACH OF CONTRACT

23. The United States realleges and incorporates the allegations set forth above in Paragraphs 1 through 22.

24. The United States and Defendant entered into a valid contract on August 1, 2022, when the Settlement Agreement was executed by the final signatory.

25. The Settlement Agreement was validly amended twice by written agreement on August 11, 2023, and January 16, 2024.

26. The Settlement Agreement, as amended, required Defendant to, *inter alia*, make multiple payments to the United States Treasury including on February 15, 2024; March 15, 2024; April 15, 2024; May 15, 2024; June 15, 2024; and July 15, 2024.

27. Defendant’s obligation under the Settlement Agreement to make payments is material.

28. Defendant materially breached the Settlement Agreement by failing to make payments to the United States Treasury, as outlined in the Settlement Agreement, and addenda thereto.

PRAYER FOR RELIEF

WHEREFORE, the United States prays that –

- A. Judgment be entered against Defendant and in favor of the United States for \$61,032.05, as of July 15, 2024, plus interest at the rate of 12 percent per annum, compounded daily from July 15, 2024, to the date of judgment; and interest on the judgment pursuant to 28 U.S.C. § 1961, until paid in full;
- B. The Court award the United States its costs of this action; and
- C. The Court award such other relief to which the United States may be entitled in law or equity.

Dated: December 17, 2024

Respectfully submitted,

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