

## **Two Men Sentenced for \$1.6 Million COVID-19 Fraud Scheme**

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Headlines that Matter for Companies and Executives in Regulated Industries

On Monday, April 10, two brothers were sentenced for their participation in a COVID-19 fraud scheme. The scheme involved fraudulent applications for \$1.6 million in loans through the Paycheck Protection Program (PPP).

According to court documents, Dumarsais Blaise and Alexander Blaise collaborated to submit fraudulent PPP applications. Dumarsais Blaise allegedly used his background as a tax preparer to create false tax documents that were submitted to support the fraudulent applications. As with other PPP fraud cases, the conspiracy involved fabricating information about three companies, two of which did not exist. According to the government, the Blaise brothers falsely inflated the number of employees and payroll costs for the third company.

Dumarsais Blaise was sentenced to two years and three months in prison, while Alexander Blaise was sentenced to two years and six months in prison.

DOJ's press release is [here](#).

### **Elizabeth Holmes and Sunny Balwani Denied Release Pending Appeal**

Elizabeth Holmes and Sunny Balwani, the former Theranos executives convicted last year of fraud and sentenced to 11 years and 13 years in prison, respectively, recently filed motions to stay out of prison pending their appeals to the Ninth Circuit. Their motions have been denied.

Holmes filed her motion for release pending appeal on December 5, 2022, and the district court heard oral argument on the motion on March 17, 2023. The district court denied Holmes's motion, finding that although Holmes is not a flight risk or danger to the community, she has failed to show that her appeal is likely to result in the reversal of her conviction or a new trial. According to the Court, Holmes's appeal to the Ninth Circuit largely centers on evidentiary rulings that do not directly pertain to the conduct for which she was convicted.

Balwani's motion for release pending appeal was previously denied by the district court on March 9, 2023, and shortly thereafter — on March 15, 2023 — Balwani made the same motion in the Ninth Circuit, which automatically stayed his previous reporting date of March 16, 2023. On April 6, 2023, the Ninth Circuit denied Balwani's motion for release pending appeal. Balwani then moved the district court to set a new date for his surrender, which the judge granted.

Holmes is scheduled to surrender on April 27, and Balwani is expected to surrender on April 20.

The district court's order on Holmes's motion is [here](#), and the Ninth Circuit's order on Balwani's motion is [here](#).

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