

PRESS RELEASE

Floral Company Pays \$1.25 Million To Resolve False Claims Act Allegations Of Defrauding Unemployment Insurance Program During Covid-19 Pandemic

Wednesday, July 17, 2024

For Immediate Release

U.S. Attorney's Office, District of Maryland

Baltimore, Maryland – Potomac Floral Wholesale, Inc. and Tsur “Jacob” Reiss have agreed to pay the United States and State of Maryland \$1,250,000.00 to resolve allegations that they caused the submission of false unemployment insurance (UI) claims at the beginning of the COVID-19 pandemic.

The settlement agreement was announced by Erek L. Barron, U.S. Attorney for the District of Maryland; Troy W. Springer, Special Agent in Charge of the National Capital Region, U.S. Department of Labor – Office of Inspector General (DOL-OIG); and Portia Y. Wu, the Secretary of Labor for the State of Maryland.

“Attempting to unjustly profit from a global pandemic is absolutely wrong,” said United States Attorney Erek Barron. “Unemployment insurance is meant for employees who need it when they are laid off from their jobs. During the early stages of COVID-19, the Federal Pandemic Unemployment Compensation program was designed to supplement traditional unemployment insurance for employees laid off during an unprecedented global emergency. Employers should not use tax dollars to shirk their responsibility to pay employees for their work.”

"The unemployment insurance (UI) program offered critical financial support to American workers who were unable to work due to the immense challenges created by the COVID-19 pandemic," said Troy W. Springer, Special Agent in Charge of the National Capital Region, U.S. Department of Labor, Office of Inspector General (DOL-OIG). "This civil settlement demonstrates the strong commitment, resolve, and partnership of the DOL-OIG and U.S. Attorney's Office to hold accountable those who seek to unlawfully exploit the UI program at the expense of those who actually need it."

Potomac Floral is a wholesale floral company run by Owner and CEO Tsur "Jacob" Reiss. According to the settlement agreement, from March 1, 2020 to December 31, 2020, starting immediately after the COVID-19 pandemic forced the suspension or modification of American business activity, Potomac Floral and Reiss instructed a group of their employees to apply for UI benefits. Yet, they also instructed these same employees to continue working for Potomac Floral without pay. Because individuals collecting UI must be unemployed, not completing work for an employer, Potomac Floral's and Mr. Reiss's conduct caused the submission of false UI claims in violation of the False Claims Act.

The civil settlement also resolves claims filed under the whistleblower provision of the False Claims Act by Travis Gabriel in United States & State of Maryland ex rel. Travis Gabriel v. Potomac Floral Wholesale, Inc. & Tsur "Jacob" Reiss, Civ. No. TDC-21-0207 (D. Md). The False Claims Act permits private parties to file suit on behalf of the United States for false claims and obtain a portion of the recovery. As part of the civil resolution, Mr. Gabriel will receive \$243,750.00.

The claims resolved by this settlement are allegations. The settlement is not an admission of liability by Potomac Floral or Tsur Reiss, nor a concession by the United States that its claims are not well founded.

U.S. Attorney Erek L. Barron praised the DOL-OIG for its work in the investigation. Mr. Barron thanked Assistant U.S. Attorney Matt Haven who handled the case.

For more information on the Maryland U.S. Attorney's Office, its priorities, and resources available to report fraud, please visit www.justice.gov/usao-md and <https://www.justice.gov/usao-md/report-fraud>.

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Updated July 17, 2024

Topic

FALSE CLAIMS ACT

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