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Wednesday, July 29, 2020

Florida Man Charged with COVID Relief Fraud, Health Care Fraud and Money Laundering

A Florida man has been charged regarding allegations that he fraudulently obtained a Paycheck Protection Program (PPP) loan and an Economic Injury Disaster Loan (EIDL), and that he orchestrated a conspiracy to submit false and fraudulent claims for reimbursement to Medicare and CareCredit, and to defraud his own patients by charging them thousands of dollars for chiropractic services under false pretenses.

Acting Assistant Attorney General Brian Rabbitt of the Justice Department's Criminal Division, U.S. Attorney Ariana Fajardo Orshan of the Southern District of Florida, Special Agent in Charge George L. Piro of the FBI's Miami Field Office, Omar Perez Aybar of the U.S. Department of Health and Human Services-Office of the Inspector General (HHS-OIG), and Special Agent in Charge Kevin Kupperbusch of the Small Business Administration's Office of the Inspector General (SBA-OIG) made the announcement.

Dennis Nobbe, 63, of Miami, Florida, was charged by criminal complaint, unsealed today upon his arrest, in the Southern District of Florida with wire fraud; health care fraud; conspiracy to commit health care fraud and wire fraud; making false statements to a financial institution; money laundering; and conspiracy to commit money laundering. He is expected to make his initial appearance before U.S. Magistrate Judge John O'Sullivan at 1 p.m. EST today.

The complaint alleges that Nobbe, a chiropractor, orchestrated a scheme to exploit his patients for financial gain through a credit card program intended to help patients pay for out-of-pocket medical expenses. To conceal his role in the scheme, Nobbe paid bribes to other physicians to open credit card merchant accounts in their names. Nobbe then encouraged patients at his chiropractic business, Dynamic Medical Services Inc., many of whom were low-income and did not speak English, to apply for the credit cards.

According to the complaint, Nobbe charged thousands of dollars to these credit cards for services that he never, or only partially, rendered, leaving patients saddled with debt. In addition, Nobbe bribed a physician to submit claims to Medicare on Nobbe's behalf because Nobbe, as a chiropractor, was ineligible to submit the claims himself, and would not have been able to receive reimbursement for the claimed services. Nobbe and other physicians also allegedly conspired to launder the proceeds from these schemes.

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As stated in the complaint, Nobbe instructed the physicians to conceal Nobbe's involvement in the scheme, and sought to conceal the purpose of large wire transfers he received, through the use of shell companies and sham contracts.

The complaint further alleges that Nobbe obtained over \$200,000 in PPP and EIDL loans intended to provide COVID relief, and that Nobbe transferred portions of the proceeds to shell companies under his control and to pay personal expenses.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted March 29. It is designed to provide emergency financial assistance to millions of Americans who are suffering the economic effects resulting from the COVID-19 pandemic. One source of relief provided by the CARES Act is the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses through the PPP. In April 2020, Congress authorized over \$300 billion in additional PPP funding. The CARES Act also authorizes the SBA to provide Economic Injury Disaster Loans (EIDL) of up to \$2 million to eligible small businesses experiencing financial disruption due to the COVID-19 pandemic.

The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of one percent. Businesses must use PPP loan proceeds for payroll costs, interest on mortgages, rent and utilities. The PPP allows the interest and principal to be forgiven if businesses spend the proceeds on these expenses within a set time period and use at least a certain percentage of the loan towards payroll expenses.

The EIDL program is designed to provide economic relief to small businesses that are currently experiencing a temporary loss of revenue. EIDL proceeds can be used to cover a wide array of working capital and normal operating expenses, such as continuation of health care benefits, rent, utilities and fixed debt payments. If an applicant also obtains a loan under the PPP, the EIDL funds cannot be used as the same purpose as the PPP funds.

A criminal complaint is merely an allegation and a defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

This case was investigated by SBA-OIG, the FBI's Miami Field Office, and HHS-OIG. The Department of Justice also thanks the U.S. Attorney's Office for the Southern District of Florida, and the Florida Department of Revenue for assistance they provided. Trial Attorney Sara Clingan of the Criminal Division's Fraud Section is prosecuting the case. Assistant U.S. Attorney Peter Laserna is handling the forfeiture aspects of the case.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The Fraud Section leads the Medicare Fraud Strike Force. Since its inception in March 2007, the Medicare Fraud Strike Force, which maintains 15 strike forces operating in 24 districts, has charged more than 4,200 defendants who have collectively billed the Medicare program for nearly \$19 billion. In addition, the HHS Centers for Medicare & Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

Attachment(s):

[Download Nobbe Criminal Complaint](#)

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

Topic(s):

Coronavirus
Financial Fraud
Health Care Fraud

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