

## **APPENDIX A**

## **APPENDIX A**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

\* \* \*

UNITED STATES OF AMERICA *ex rel.*  
CHRISTINA ELLIS and JONATHAN  
ELLIS, Relators.

Case No. 2:16-cv-01447-APG-NJK

**Plaintiffs.**

## **ORDER GRANTING MOTION FOR SUMMARY JUDGMENT**

V

(ECF No. 24)

JING SHU ZHENG and SJ 5318  
INVESTMENT CORP.,

### Defendants.

11 Plaintiffs Christina and Jonathan Ellis bring a qui tam action on behalf of the United  
12 States pursuant to the False Claims Act, 31 U.S.C. § 3729, *et seq.* The Ellises assert that  
13 defendants Jing Shu Zheng and SJ 5318 Investment Corp. (SJ 5318) misrepresented the amount  
14 of rent Zheng was charging the Ellises, whose rent was being subsidized by the United States  
15 Department of Housing and Urban Development (HUD). A clerk's entry of default has been  
16 entered as to SJ 5318 Investment Corp. ECF No. 17. The Ellises now seek summary judgment  
17 against Zheng on their FCA claim.<sup>1</sup>

## I. BACKGROUND

19 In March 2013, the Ellises leased from Zheng a house at 4411 Melrose Abbey Place, Las  
20 Vegas, Nevada (the “Property”). ECF No. 24 at 6. SJ 5318 acted as Zheng’s agent and property  
21 manager. ECF Nos. 27 at 4; 27-1. The Ellises signed a lease agreement on March 22, 2013  
22 indicating a total monthly rent of \$2,300, ECF No. 24-3.<sup>2</sup>

<sup>23</sup> <sup>24</sup> <sup>1</sup> Zheng filed a counter-claim alleging a breach of the lease agreement and damage to the apartment upon the Ellises vacating. This order does not address those claims.

25       <sup>2</sup> The Ellises also produce a second lease dated April 10, 2013, indicating a total monthly rent of  
26       \$2,000. ECF No. 24-4. This lease is initialed by the Ellises, but the signatures are dated March  
27       22, 2013. *Id.*; *see also* ECF No. 24-12 at 3, 5 (the Ellises averring they entered into two leases on  
28       or around March 22, 2013). Zheng states she never saw the second lease and would not have  
      signed it. ECF No. 26 at 2. Whether this is a valid lease is immaterial for the purposes of this  
      motion, as Zheng charged the Ellises as per the first executed lease.

1           On March 18, 2013, Zheng submitted a Request for Tenancy Approval to the Southern  
2 Nevada Regional Housing Authority (SNRHA) asking that the Property be considered for  
3 approval under the Section 8 Tenant-Based Housing Choice Voucher Program. ECF No. 24-5.  
4 Under Section 8, HUD enters into annual contribution contracts with regional public housing  
5 agencies across the United States, including the SNRHA. 24 C.F.R. § 982.151. Pursuant to the  
6 contribution contract, the SNRHA makes monthly housing assistance payments to landlords on  
7 behalf of eligible tenants. *See id.* § 982.451. The contract between the SNRHA and a landlord is  
8 known as a Housing Assistance Payments (HAP) Contract. *Id.*

9           The Request for Tenancy Approval submitted by Zheng proposed a monthly rent of  
10 \$2,000. ECF No. 24-5. On April 10, 2013, SJ 5318 entered into a HAP Contract with the  
11 SNRHA on Zheng's behalf. ECF No. 24-1. The HAP Contract contained the terms of the  
12 SNRHA's payment assistance to Zheng on behalf of the Ellises. Part A of the HAP Contract lists  
13 the "rent to owner" as \$2,000, of which \$456 would be paid by the SNRHA every month as a  
14 housing assistance payment pursuant to Section 8. *Id.* at 3. Parts B and C of the HAP Contract  
15 provide, in relevant part, that: (1) the lease shall be consistent with the HAP Contract; (2) the rent  
16 payment may at no time exceed the reasonable rent as determined by the SNRHA; (3) except for  
17 the "rent to owner" payment, the owner may not accept any additional payment for rent of the  
18 unit; and (4) unless the owner has complied with all provisions of the HAP Contract, the owner  
19 does not have a right to receive housing assistance payments under that contract. *Id.* at 6, 7, 10.

20           Zheng received a Notice of Rent Payment and Program Abuse Warning Information,  
21 which notifies the owner that the HAP Contract will begin. ECF No. 24-2. The notice states that  
22 "[r]equiring extra ('side') payments in excess of the family's share of rent as listed . . . is  
23 considered program fraud" and will lead to the termination of the owner and family from the  
24 Housing Choice Voucher Program. *Id.* Throughout the Ellises' tenancy, Zheng received seven  
25 SNRHA Notice of Change forms notifying her of increases in the monthly HAP payment but  
26 indicating the total rent to owner remained \$2,000. ECF No. 24-6.

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1       Although the HAP Contract stated the rent was \$2,000, from April 2013 to January 2015,  
2 the Ellises deposited \$2,300—their monthly rental share and the extra \$300 under the March 22  
3 lease—directly into Zheng’s bank account. ECF Nos. 24 at 9–10; 24-8; 24-9; 24-10. Zheng  
4 received twenty-two payments from the SNRHA under the HAP Contract for a total of \$18,722.  
5 ECF No. 24-11. The Ellises moved out in January 2015, two months before the expiration of  
6 their lease agreement. ECF No. 12 at 2.

7       **II. ANALYSIS**

8       Summary judgment is appropriate if the pleadings, discovery responses, and affidavits  
9 demonstrate “there is no genuine dispute as to any material fact and the movant is entitled to  
10 judgment as a matter of law.” Fed. R. Civ. P. 56(a), (c). A fact is material if it “might affect the  
11 outcome of the suit under the governing law.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248  
12 (1986). An issue is genuine if “the evidence is such that a reasonable jury could return a verdict  
13 for the nonmoving party.” *Id.*

14       The party seeking summary judgment bears the initial burden of informing the court of the  
15 basis for its motion and identifying those portions of the record that demonstrate the absence of a  
16 genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). The burden  
17 then shifts to the non-moving party to set forth specific facts demonstrating there is a genuine  
18 issue of material fact for trial. *Fairbank v. Wunderman Cato Johnson*, 212 F.3d 528, 531 (9th Cir.  
19 2000). I view the evidence and draw reasonable inferences in the light most favorable to the non-  
20 moving party. *James River Ins. Co. v. Hebert Schenck, P.C.*, 523 F.3d 915, 920 (9th Cir. 2008).

21       **A. Agency Relationship Between Zheng and SJ 5318**

22       Zheng’s primary argument in opposition is that SJ 5318, not her, signed the HAP  
23 Contract. She contends that SJ 5318 managed the Property and “t[ook] care of everything” for  
24 her. ECF No. 26 at 1. The Ellises respond that Zheng is liable for SJ 5318’s violations of the  
25 FCA because it had actual authority to act on her behalf.

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1        “The general principles of the federal common law of agency have been formulated  
2 largely based on the Restatement of Agency.” *Doe I v. Unocal Corp.*, 395 F.3d 932, 972 (9th Cir.  
3 2002), *on reh’g en banc*, 403 F.3d 708 (9th Cir. 2005).

4        The principles of agency law . . . are well settled: actual authority consists of  
5 powers which a principal directly confers upon an agent, as well as those the  
6 principal causes or permits the agent to believe he or she possess[es] . . . .  
7 Apparent authority focuses on third parties. It arises when a third party  
8 reasonably believes that the putative agent had authority to act on behalf of the  
9 principal and that belief can be traced to the principal’s own manifestations.

10       *Kristensen v. Credit Payment Svcs.*, 12 F. Supp. 3d 1292, 1301 (D. Nev. 2014) (internal quotation  
11 and citation omitted). In the context of the FCA, “[w]hen an agent acts in the name of the  
12 entity . . . the fraudulent intent of the agent is indistinguishable from the intent of the entity. So  
13 long as the agent has actual or apparent authority to bind the entity, the fraud of the agent is  
14 sufficient to support civil liability against the entity.” *United States ex rel. Rosales v. S. F. Hous.  
Auth.*, 173 F. Supp. 2d 987, 1003 (N.D. Cal. 2001).

15       Here, Zheng signed an SNRHA Statement of Property Ownership/Authorization form in  
16 which she designated SJ 5318 as her agent and authorized it to act on her behalf. ECF No. 27-1.  
17 This form, as well as Zheng’s statements that SJ 5318 managed her property and took care of  
18 everything for her, are sufficient to show that SJ 5318 acted with actual authority to bind Zheng  
19 to the HAP Contract.

20       **B. The FCA Claim**

21       Under the False Claims Act (FCA), a private individual is authorized to bring an action on  
22 behalf of the United States against any entity that has knowingly presented a false or fraudulent  
23 claim to the United States government. *See, e.g., United States ex rel. Anderson v. N. Telecom*, 52  
24 F.3d 810, 812–13 (9th Cir. 1995). The FCA makes liable anyone who “knowingly presents, or  
25 causes to be presented, a false or fraudulent claim for payment or approval” to the United States  
26 government. 31 U.S.C. § 3729(a)(1). To establish liability under the FCA, a plaintiff must show:  
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28       “(1) a false statement or fraudulent course of conduct; (2) made with scienter; (3) that was

1 material, causing (4) the government to pay out money or forfeit moneys due.” *United States ex*  
2 *rel. Hendow v. Univ. of Phoenix*, 461 F.3d 1166, 1174 (9th Cir. 2006).

3                   1. False Statement or Fraudulent Course of Conduct

4                   A party can sufficiently establish this first element under a theory of express or implied  
5 false certification. *United States ex rel. Ebeid v. Lungwitz*, 616 F.3d 993, 995 (9th Cir. 2010).

6 Express certification occurs when “the entity seeking payment certifies compliance with a law,  
7 rule or regulation as part of the process through which the claim for payment is submitted.” *Id.*

8                   “The Housing Choice Voucher Program Guidebook published by HUD defines ‘fraud’  
9 and ‘abuse’ in the Section 8 program as: a single act or pattern of actions made with the intent to  
10 deceive or mislead, constituting a false statement, mission, or concealment of a substantive fact.”  
11 *United States ex rel. Sutton v. Reynolds*, 564 F. Supp. 2d 1183, 1187 (D. Or. 2007). The  
12 Guidebook also states that “[c]ollecting extra or ‘side’ payments in excess of the family share of  
13 rent or requiring the family to perform extraordinary services in lieu of payments” qualifies as  
14 fraud or abuse. HUD, Housing Choice Voucher Program Guidebook 22-2 (April 2001),  
15 [https://www.hud.gov/program\\_offices/administration/hudclips/guidebooks/7420.10G](https://www.hud.gov/program_offices/administration/hudclips/guidebooks/7420.10G).

16                   Here, SJ 5318 certified on behalf of Zheng in the HAP Contract that (1) except for the rent  
17 to owner payment, she did not receive and would not receive any other payments or contributions  
18 for rental of the Property; and (2) the terms of the lease were in accordance with all provisions of  
19 the HAP Contract. ECF No. 24-1 at 7, 10. Zheng does not dispute that she charged \$300 above  
20 the “rent to owner” amount listed in the HAP Contract. Therefore, no genuine issue of fact  
21 remains that charging the extra rent was a fraudulent course of conduct under the FCA.

22                   2. Scienter

23                   The Ellises argue that because Zheng signed a Request for Tenancy Approval indicating  
24 \$2,000 as the proposed rent, entered into the HAP Contract setting rent at \$2,000, and received a  
25 Notice of Rent Payment and Program Abuse indicating the rent to the owner was \$2,000, she  
26 knew or should have known she was not allowed to charge rent in excess of the HAP Contract.

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1 Zheng's only response is that she did not sign the HAP Contract. As discussed above, SJ 5318  
2 had actual authority to bind Zheng to that agreement.

3 The FCA defines "knowing" and "knowingly" as having actual knowledge of the  
4 information, acting in either deliberate ignorance, or acting in reckless disregard for the  
5 information's truth or falsity. 31 U.S.C. § 3729(b)(1)(A). When SJ 5318 executed the HAP  
6 Contract on Zheng's behalf, she agreed to comply with its provisions. Various sections of the  
7 HAP make clear that additional payments above the specified "rent to owner" are prohibited.  
8 Zheng does not dispute that she received the Notice of Rent Payment and Program Abuse  
9 Warning indicating the rent to owner was \$2,000 and that charging above this amount constituted  
10 fraud. Nor does she dispute she received the Notice of Change forms, each of which indicated the  
11 \$2,000 rent. Even considering only the first lease signed by the parties, which indicated a rent of  
12 \$2,300, the HAP Contract states that when there are conflicts between the terms of the lease  
13 agreement and the terms of the HAP Contract, the HAP Contract controls. Therefore, even  
14 viewing the facts in the light most favorable to the defendants, no genuine issue of fact exists that  
15 Zheng deliberately ignored or recklessly disregarded the terms of the HAP Contract when she  
16 charged the Ellises an extra \$300 in rent while simultaneously receiving housing payments.

17       3. Materiality

18       The third element of an FCA claim requires that a false statement or course of conduct "be  
19 material to the Government's decision to pay out moneys to the claimant." *See Hendow*, 461 F.3d  
20 at 1172; *see also Ebeid*, 616 F.3d at 997. There must be a causal relationship between the  
21 fraudulent conduct and the government's loss. *Hendow*, 461 F.3d at 1172.

22       Part B, section 7(b) of the HAP Contract states that the owner does not have a right to  
23 receive housing assistance payments unless she has complied with all provisions of the contract.  
24 ECF No. 24-1 at 6. The HAP Contract and federal regulations prohibit Zheng from charging any  
25 payment for rent in addition to the "rent to owner." *Id.* at 10; 24 C.F.R. § 983.353(b)(2)-(3).  
26 Zheng's collection of more than the specified "rent to owner" amount from the Ellises affected a  
27 basic term of the HAP contract and was relevant to the government's decision to continue to pay  
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1 Zheng monthly subsidies. *See Sutton*, 564 F. Supp. 2d at 1189. Therefore, no genuine issue of  
2 fact exists as to the materiality of Zheng's conduct to the government's decision to pay out  
3 money.

4           4. Causing the Government to Pay Out Money

5           The Ellises state, and Zheng does not dispute, that the SNRHA paid out moneys on their  
6 behalf to Zheng. Under the fourth element, the fraudulent conduct must have caused the  
7 government to pay out moneys. *Hendow*, 461 F.3d at 1177. The SNRHA receives annual  
8 contribution payments from HUD pursuant to Section 8 and uses those funds to subsidize rent  
9 payments for qualified applicants. Therefore, no genuine issue of material fact exists that the  
10 government paid out moneys pursuant to the HAP Contract based upon Zheng's confirmation that  
11 she was acting in compliance with that contract.

12           Because no genuine issue of fact exists on any of the four elements of the FCA claim, I  
13 grant summary judgment to the Ellises on their FCA claim against Zheng.

14           C. Damages

15           Under the FCA, a violator is liable to the government for a civil penalty of not less than  
16 \$5,500.00 and not more than \$11,000.00, plus three times the amount of damages which the  
17 government sustains because of the violator's acts. 31 U.S.C. § 3729(a)(1)(G); 28 C.F.R.  
18 § 85.3(a)(9).

19           1. Civil Penalties

20           Each violation of the FCA gives rise to separate liability and therefore a separate civil  
21 penalty. *Hendow*, 461 F.3d at 1170–71. The Ellises aver that they deposited into Zheng's bank  
22 account the rent under the HAP Contract, "along with \$300 payment from April 10, 2013 to  
23 January 2015 . . ." ECF No. 24-12 at 3, 5; *see also* ECF Nos. 24-9; 24-10 (transaction receipts  
24 for \$300 from June 2013 through January 2015). Zheng offers no evidence in opposition.  
25 Therefore, there are no issues of fact that the Ellises were charged the extra \$300 in rent 22 times.

26           "[I]n determining the amount of the penalty, the district court should consider (1) the good  
27 or bad faith of the defendants; (2) the injury to the public; (3) the defendant's ability to pay; and  
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1 (4) the necessity of vindicating the authority of the responsible federal agency.” *Fed. Elec.*  
2 *Comm’n v. Furgatch*, 869 F.2d 1256, 1258 (9th Cir. 1989). The Ellises argue that the maximum  
3 penalty is warranted by the government’s interest in preventing fraud. They do not argue that  
4 Zheng acted in bad faith, nor is there any evidence to that effect. There is an injury to the public  
5 in that HUD could have entered a different contract with a compliant owner, subsidizing another  
6 needy renter, however the extent of this injury is not well-defined. Finally, Zheng is representing  
7 herself pro se, and states that she cannot afford legal representation. This leads to the inference  
8 that she may not be able to pay the maximum penalties. The appropriate penalty is \$5,500 per  
9 violation. Zheng is thus liable for \$121,000 in civil penalties.

10 2. Treble Damages

11 “The FCA, itself, instructs the district court to treble damages . . . .” *United States v.*  
12 *Bourseau*, 531 F.3d 1159, 1173 (9th Cir. 2008); *see also* 31 U.S.C. § 3729 (requiring treble  
13 damages except in certain circumstances in which the violator cooperates, in which case no less  
14 than double damages may be assessed). “Ordinarily the measure of the government’s damages  
15 [under the FCA] would be the amount that it paid out by reason of the false statements over and  
16 above what it would have paid if the claims had been truthful.” *United States v. Mackby*, 339 F.3d  
17 1013, 1018 (9th Cir. 2003) (alteration in original). In *Mackby*, the Ninth Circuit noted that had  
18 the defendant “been truthful, the government would have known that he was entitled to nothing.”  
19 *Id.* at 1019; *see also* *United States v. Baran*, No. CV 14-02639 RGK (AJWx), 2015 WL 5446833,  
20 at \*8 (C.D. Cal. Aug. 28, 2015) (“Had Defendant been truthful about the extra payments she was  
21 receiving from Plaintiff, the government would not have distributed those monthly payments.”).

22 The HAP Contract here states that an owner who does not comply with the contract’s  
23 requirements – including the requirement not to charge extra rent – “does not have a right to  
24 receive housing assistance payments.” ECF No. 24-1 at 6. The Ellises have produced evidence  
25 showing that the entire time Zheng was getting payments from SNRHA, she was also charging  
26 them \$300 in extra payments. Had Zheng been truthful about these payments, she would not  
27 have had a right to receive any housing assistance payments from the government. *See Baran*,

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1 2015 WL 5446833, at \*8; *Cummings v. Hale*, No. 15-cv-04723-JCS, 2017 WL 3669622, at \*9–10  
2 (N.D. Cal. May 17, 2017). According to SNRHA records, Zheng received a payment from the  
3 government every month from April 2013 through January 2015, for a total of \$18,722. ECF No.  
4 24-11. The treble damages provision of the FCA makes Zheng liable for damages of \$56,316.00.

5 **III. CONCLUSION**

6 IT IS THEREFORE ORDERED that the plaintiffs' motion for summary judgment (ECF  
7 No. 24) is GRANTED. A penalty is entered against Zheng and in favor of the United States in  
8 the amount of \$121,000.00, and a damages award is entered against Zheng and in favor of the  
9 United States in the amount of \$56,316.00, for a total amount of \$177,316.00.

10 IT IS FURTHER ORDERED that the parties shall file a proposed joint pre-trial order on  
11 Zheng's counterclaims and the claims against SJ 5318 **within 30 days of this order**.

12 DATED this 26th day of February, 2018.

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14 ANDREW P. GORDON  
15 UNITED STATES DISTRICT JUDGE  
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## **APPENDIX B**

## **APPENDIX B**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

\* \* \*

UNITED STATES OF AMERICA *ex rel.*  
CHRISTINA ELLIS and JONATHAN  
ELLIS. Relators.

Case No. 2:16-cv-01447-APG-NJK

Plaintiffs,

v.

JING SHU ZHENG and SJ 5318  
INVESTMENT CORP.,

**FINDINGS OF FACT, CONCLUSIONS  
OF LAW, AND ORDER FOR ENTRY  
OF JUDGMENT IN FAVOR OF  
PLAINTIFFS/COUNTERCLAIM  
DEFENDANTS**

Defendants.

On October 16, 2018, I conducted a non-jury trial of the counterclaims asserted in this case by defendant Jing Shu Zheng (“Zheng”). As required by Federal Rule of Civil Procedure 52(a), I hereby enter my findings and conclusions.

## FINDINGS OF FACT

1. On March 22, 2013, Jonathan and Christina Ellis executed a lease to rent from Zheng the dwelling located at 4411 Melrose Abbey Place, Las Vegas, Nevada ("the House"). A portion of the lease was admitted into evidence at trial as Exhibit 1. The lease required rental payments of \$2,300 per month. The lease was to expire on March 31, 2015.

2. According to the lease agreement, the total security deposit was \$2,500: \$2,300 as a security deposit and \$200 as a key/remote deposit.

3. The Ellises provided Zheng or her agent the deposit of \$2,500 at move in.

4. The Ellises moved in to the House on March 22, 2013. They lived at the House until January 31, 2015.

1       5. At the end of November, 2014, the Ellises submitted a 30-day notice that they  
2 would vacate the House. They moved out at the end of January, 2015.

3       6. The lease does not include an early termination provision.

4       7. Zheng did not return the Ellises's security deposit and did not provide a written  
5 accounting of the disposition of the security deposit within 30 days of their moving out.

6       8. Zheng offered no evidence that the Ellises improperly terminated the lease, or that  
7 they caused any damage to the House. Nor did Zheng offer any evidence that she suffered any  
8 damages as a result of actions by the Ellises.

10                   **CONCLUSIONS OF LAW**

11       1. The lease does not contain an early lease termination provision. Therefore, Zheng  
12 is not entitled to damages because the lease terminated prior to its expiration date.

13       2. Zheng has failed to satisfy her burden of proof that the Ellises breached the lease.  
14 Zheng has failed to satisfy her burden of proof that the Ellises committed any torts against her.  
15 Zheng has failed to satisfy her burden of proof that she suffered any damages as a result of  
16 actions taken by the Ellises.

18       3. Therefore, Zheng is not entitled to prevail on her claims against the Ellises or  
19 recover any damages from the Ellises.

20                   IT IS THEREFORE ORDERED that the clerk of the court is directed to enter judgment  
21 against Zheng and in favor of the Ellises on Zheng's counterclaims.

23                   DATED this 16th day of October, 2018.

  
\_\_\_\_\_  
ANDREW P. GORDON  
UNITED STATES DISTRICT JUDGE

## **APPENDIX C**

## **APPENDIX C**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

Christina Ellis  
Jonathan Ellis

Plaintiff,

v.

Jing Shu Zheng

JUDGMENT IN A CIVIL CASE

Case Number: 2:16-cv-01447-APG-NJK

Defendant.

- Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.
- Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.
- Decision by Court.** This action came for consideration before the Court. The issues have been considered and a decision has been rendered.

**IT IS ORDERED AND ADJUDGED**

that judgment is hereby entered on counterclaims in favor of Christina and Jonathan Ellis against Jing Shu Zheng

October 16, 2018

Date

DEBRA K. KEMPI

Clerk



/s/ J. Matott

Deputy Clerk

## APPENDIX D

## APPENDIX D

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

\* \* \*

UNITED STATES OF AMERICA *ex rel.*  
CHRISTINA ELLIS and JONATHAN  
ELLIS, Relators.

**Plaintiffs,**

v

JING SHU ZHENG and SJ 5318  
INVESTMENT CORP..

### Defendants.

Case No. 2:16-cv-01447-APG-NJK

**ORDER FOR ENTRY OF FINAL  
JUDGMENT IN FAVOR OF  
PLAINTIFFS AND AGAINST  
DEFENDANT**

12 I previously granted summary judgment in favor of plaintiff United States of America *ex.*  
13 *rel.* Christina Ellis and Jonathan Ellis. ECF No. 28. Judgment was not entered at that time  
14 because counterclaims were pending. I later denied the counterclaims and judgment has been  
15 entered as to the counterclaims. ECF Nos. 62, 63. I now direct the clerk of court to enter final  
16 judgment in the plaintiff's favor.

17 IT IS THEREFORE ORDERED that the clerk of the court is directed to enter judgment  
18 against defendant Jing Shu Zheng and in favor of the United States of America *ex. rel.* Christina  
19 Ellis and Jonathan Ellis in the amount of \$121,000.00 for a penalty and \$56,316.00 in damages,  
20 for a total judgment of \$177,316.00.

21 DATED this 17th day of October, 2018.

ANDREW P. GORDON  
UNITED STATES DISTRICT JUDGE

## **APPENDIX E**

## **APPENDIX E**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

UNITED STATES OF AMERICA ex rel.  
CHRISTINA ELLIS, JONATHAN ELLIS

JUDGMENT IN A CIVIL CASE

Plaintiffs,

v.

Case Number: 2:16-cv-01447-APG-NJK

JING SHU ZHENG and SJ 5318  
INVESTMENT CORP.

Defendants.

- **Jury Verdict.** This action came before the Court for a trial by jury. The issues have been tried and the jury has rendered its verdict.
- **Decision by Court.** This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.
- ✗ Decision by Court.** This action came for consideration before the Court. The issues have been considered and a decision has been rendered.

**IT IS ORDERED AND ADJUDGED**

that judgment is hereby entered against defendant Jing Shu Zheng and in favor of the United States of America ex. rel. Christina Ellis and Jonathan Ellis in the amount of \$121,000.00 for a penalty and \$56,316.00 in damages, for a total judgment of \$177,316.00.

October 18, 2018

Date

DEBRA K. KEMPI

Clerk



/s/ J. Matott

Deputy Clerk

## APPENDIX F

J

## APPENDIX F

**NOT FOR PUBLICATION**

**FILED**

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

APR 3 2020

MOLLY C. DWYER, CLERK  
U.S. COURT OF APPEALS

CHRISTINA ELLIS; JONATHAN ELLIS,  
Relators; ex rel. United States of America,

Plaintiffs-Appellees,

and

UNITED STATES OF AMERICA,

Plaintiff,

v.

JING SHU ZHENG,

Defendant-Appellant,

and

SJ 5308 INVESTMENT GROUP,

Defendant.

No. 18-17248

D.C. No.  
2:16-cv-01447-APG-NJK

MEMORANDUM\*

Appeal from the United States District Court  
for the District of Nevada  
Andrew P. Gordon, District Judge, Presiding

\* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

Submitted March 25, 2020\*\*  
Las Vegas, Nevada

Before: W. FLETCHER, BYBEE, and WATFORD, Circuit Judges.

Jing Shu Zheng appeals from the district court's order granting summary judgment in favor of Christina and Jonathan Ellis on their claim under the False Claims Act (FCA). We affirm.

1. The district court correctly found no triable issue of material fact as to Zheng's liability under the FCA. It is true, as Zheng argues, that the Housing Agreement Plan (HAP) does not bear her signature. But that fact is irrelevant because the evidence clearly shows that Jay Hsu signed the document as her agent. Hsu worked for the company that Zheng concedes acted as her authorized agent (SJ 5318), and Zheng admitted in her counterclaim disclosures that Hsu was her agent.

No reasonable factfinder could conclude, on the basis of the summary judgment record, that Hsu enrolled Zheng in the Section 8 voucher program without her knowledge or authorization. Zheng herself signed the Request for Tenancy Approval, which represented that she had agreed to charge the Ellises only \$2,000 per month in rent, and she herself received the notices of adjustment

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\*\* The panel unanimously concludes this case is suitable for decision without oral argument. *See Fed. R. App. P. 34(a)(2).*

of payment from the Southern Nevada Regional Housing Authority (SNRHA), which also stated that the contractually agreed upon rent was \$2,000 per month. Yet the undisputed evidence shows that Zheng charged the Ellises \$2,300 per month, and that she received two separate payments from them each month: one for the difference between \$2,000 and the amount Zheng received in housing assistance payments from SNRHA; and another for the extra \$300 per month Zheng was charging the Ellises. Zheng has offered no plausible explanation for why she received payments in this fashion if she had not agreed to participate in the Section 8 voucher program, or any explanation at all for why she would have believed herself entitled to receive payments from SNRHA in the first place. The evidence thus clearly shows that Zheng knowingly committed fraud on the government by collecting more in rent than she was authorized to charge.

2. The district court did not clearly err in calculating the amount Zheng must pay in damages and penalties. First, the court correctly held, in calculating the penalties owed under the FCA, that each check Zheng received from SNRHA was its own “claim against the government fisc” and thus its own separate FCA violation. *United States ex rel. Hendow v. Univ. of Phx.*, 461 F.3d 1166, 1177 (9th Cir. 2006). The district court appropriately imposed the lowest penalty per violation authorized by the regulations—\$5,500—for a total of \$121,000 in penalties based on the 22 violations Zheng committed. See 31 U.S.C.

§ 3729(a)(1); 28 C.F.R. § 85.3(a)(9).

Second, the court properly calculated the amount owed in damages.

Because the FCA is concerned with fraud on the *government*, damages are determined not by how much Zheng overcharged the Ellises, but rather by how much Zheng overcharged the government—that is, the amounts she received from the government without lawful entitlement. The HAP stated that Zheng would not be entitled to any funds from the government if, as occurred here, she failed to comply with the terms of the agreement. Accordingly, the damages owed are the entire amount Zheng received from the government. *See United States v. Mackby*, 339 F.3d 1013, 1018–19 (9th Cir. 2003).

3. The penalties imposed by the district court are substantial, but they do not violate the Excessive Fines Clause of the Eighth Amendment. The FCA deliberately prescribes harsh penalties, reflecting Congress’s judgment that committing fraud on the government is a serious offense. *See* 31 U.S.C.

§ 3729(a)(1); *United States v. Bourseau*, 531 F.3d 1159, 1173–74 (9th Cir. 2008).

The district court could have imposed double the penalty per violation. *See Mackby*, 339 F.3d at 1018 (“We may properly consider the maximum penalty prescribed by Congress as part of our Excessive Fines Clause inquiry.”). Indeed, we have never found an FCA penalty within the range permitted by Congress to violate the Excessive Fines Clause. *See Bourseau*, 531 F.3d at 1173. Taking into

account the severity of the crime, as adjudged by Congress, the harm to the government, and the difference between the fine imposed and the penalties authorized, the fine imposed on Zheng does not violate the Eighth Amendment.

**AFFIRMED.**

## **APPENDIX G**

## **APPENDIX G**

**FILED**

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

MAY 13 2020

MOLLY C. DWYER, CLERK  
U.S. COURT OF APPEALS

CHRISTINA ELLIS; JONATHAN ELLIS,  
Relators; ex rel. United States of America,

Plaintiffs-Appellees,

and

UNITED STATES OF AMERICA,

Plaintiff,

v.

JING SHU ZHENG,

Defendant-Appellant,

and

SJ 5308 INVESTMENT GROUP,

Defendant.

No. 18-17248

D.C. No.  
2:16-cv-01447-APG-NJK  
District of Nevada,  
Las Vegas

ORDER

Before: W. FLETCHER, BYBEE, and WATFORD, Circuit Judges.

The panel unanimously votes to deny the petition for panel rehearing.

Judges W. Fletcher and Watford vote to deny the petition for rehearing en banc, and Judge Bybee so recommends. The full court has been advised of the petition for rehearing en banc, and no judge requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35. The petition for panel rehearing and rehearing en banc, filed April 17, 2020, is DENIED.

## **APPENDIX H**

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FILED

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

MAY 20 2020

MOLLY C. DWYER, CLERK  
U.S. COURT OF APPEALS

CHRISTINA ELLIS; JONATHAN ELLIS,  
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and

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Defendant.

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2:16-cv-01447-APG-NJK  
District of Nevada,  
Las Vegas

ORDER

Before: W. FLETCHER, BYBEE, and WATFORD, Circuit Judges.

Appellant's motion to stay the mandate is GRANTED. The mandate is stayed for a period of 150 days from the date of this order. If Appellant files a petition for writ of certiorari in the United States Supreme Court during the period of the stay, the stay shall continue until final disposition by the Supreme Court.

*See Fed. R. App. P. 41.*