No. 26-

IN THE
Supreme Court of the United States

BHARGAV PATEL, MD, PATEL MEDICAL CARE, P.C.

Petitioners,

v.

GOVERNMENT EMPLOYEES INSURANCE COMPANY, GEICO INDEMNITY COMPANY, GEICO GENERAL INSURANCE COMPANY, GEICO CASUALTY COMPANY,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

ADAM FRANCOIS WATKINS
Counsel of Record
STEPHANIE F. BRADLEY
WATKINS BRADLEY LLP
228 Park Avenue South #14905
New York, NY 10003
(212) 937-4281
aw@watkinsbradley.com

Counsel for Petitioners

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QUESTION PRESENTED

Since 1793, the Anti-Injunction Act ("AIA") has prohibited federal courts from staying pending state-court proceedings except in three narrow circumstances, one of which is where an injunction is "expressly authorized" by Act of Congress. 28 U.S.C. § 2283. In the more than two centuries since, this Court has recognized only a handful of statutes as expressly authorizing such an injunction—each of which either halts state proceedings on its face or addresses state proceedings that themselves violate federal law.

In the decision below, the Second Circuit held that the Racketeer Influenced and Corrupt Organizations Act ("RICO") "expressly authorizes" a federal court to enjoin more than 600 pending state-court collection actions and arbitrations that all parties concede are not themselves RICO violations, on the ground that those proceedings "help further" an alleged RICO scheme. The question presented is:

Whether the Anti-Injunction Act's "expressly authorized" exception, 28 U.S.C. § 2283, permits a federal court to enjoin pending state-court proceedings that do not themselves violate any federal statute and as to which the federal claimant retains a complete defense and a federal damages remedy, where the federal plaintiff alleges only that the state proceedings "help further" a RICO violation.

RULE 29.6 STATEMENT

Pursuant to this Court's Rule 29.6, petitioner Patel Medical Care, P.C., states that it has no parent corporation and that no publicly held company owns 10% or more of its stock.

PARTIES TO THE PROCEEDING AND RELATED CASES

Petitioners are Bhargav Patel, MD, and Patel Medical Care, P.C., who were defendants-appellants below.

Respondents are Government Employees Insurance Company, GEICO Indemnity Company, GEICO General Insurance Company, and GEICO Casualty Company (collectively, "GEICO"), which were plaintiffs-appellees below.

- *Gov't Emps. Ins. Co. v. Patel*, No. 23-CV-2835, U.S. District Court for the Eastern District of New York. The District Court entered an injunction on Jan. 8, 2024.
- *Gov't Emps. Ins. Co. v. Patel*, No. 24-191, U.S. Court of Appeals for the Second Circuit. Judgment entered Feb. 3, 2026. En banc rehearing petition denied on Apr. 16, 2026.

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The Second Circuit's prior decision in *State Farm Mutual Automobile Insurance Company v. Tri-Borough NY Medical Practice, P.C.*, which the panel below held was controlling, is reported at 120 F.4th 59 (2d Cir. 2024). App. 81a.

JURISDICTION

The court of appeals issued its opinion and entered judgment on February 3, 2026. App. 1a. The court of appeals denied rehearing en banc on April 16, 2026. App. 148a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Anti-Injunction Act, 28 U.S.C. § 2283, provides:

> "A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments."

The Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1964(a), provides in relevant part:

> "The district courts of the United States shall have jurisdiction to prevent and restrain violations of section 1962 of this chapter by issuing appropriate orders, including, but not limited to: ordering any person to divest himself of any interest, direct or indirect, in any enterprise; imposing reasonable restrictions on the future activities or investments of any person, including, but not limited to, prohibiting any person from engaging in the same type of endeavor as the enterprise engaged in . . . ."

Relevant provisions are reproduced in the Appendix. App. 150a, 152a.

INTRODUCTION

For more than two centuries, the Anti-Injunction Act has enforced a simple structural command: a federal court "may not grant an injunction to stay proceedings in a State court" except in three narrow circumstances. 28 U.S.C. § 2283. The Act rests on "the fundamental constitutional independence of the States and their courts," *Atlantic Coast Line R.R. Co. v. Bhd. of Locomotive Eng'rs*, 398 U.S. 281, 287 (1970), and this Court has instructed that its exceptions "should not be enlarged by loose statutory construction." *Id.* This case concerns the first of those exceptions—for injunctions "expressly authorized" by an Act of Congress. In the Act's entire history, this Court has recognized only a handful of statutes as satisfying that exception, and each shares a common feature: it either halts state proceedings on its face, as the removal and interpleader statutes do, or it addresses state proceedings that are themselves a violation of federal law, as 42 U.S.C. § 1983 and, in narrow circumstances, Section 16 of the Clayton Act do.

The Second Circuit has now adopted a categorically broader rule, and it has done so in a setting that illustrates exactly why the Act's strictures matter. Petitioner Dr. Bhargav Patel is a licensed New York physician. When GEICO refused to pay his practice's insurance claims, he pursued the only avenue New York law provides for collecting such claims: collection arbitrations before the American

Arbitration Association and collection actions in the New York courts. *See* N.Y. Ins. Law § 5106. Those proceedings are not a litigation tactic; they are the exclusive, statutorily prescribed mechanism the State has created for resolving these disputes. By 2023, Dr. Patel was prosecuting two arbitrations and more than 600 collection actions seeking over $2.6 million in unpaid benefits.

GEICO responded not by defending those proceedings—in which it can raise defenses, including fraud—but by filing a federal RICO action alleging that Dr. Patel's underlying bills were fraudulent, and then asking a federal court to freeze every one of the state proceedings while the RICO case is litigated. The district court obliged. App. 79a–80a. Applying its recent decision in *State Farm Mut. Auto. Ins. Co. v. Tri-Borough NY Med. Prac., P.C.*, 120 F.4th 59 (2d Cir. 2024), the Second Circuit panel affirmed, holding that RICO "expressly authorizes" a federal court to enjoin pending state proceedings whenever those proceedings "help further" a RICO violation—even though, as *State Farm* itself conceded, the state proceedings are not RICO predicate acts and violate no federal law. App. 34a, 35a (Park, J., concurring), 146a–147a. Judge Park concurred only because *State Farm* bound the panel; writing separately, he explained that *State Farm* had "misinterpreted the AIA and misread Supreme Court precedent" and "departed from the well-established rule that a federal statute must prohibit the continuation of state proceedings to 'expressly

authorize' an injunction." App. 38a (Park, J., concurring). The full court denied rehearing en banc. App. 149a.

The result is that, on the strength of nothing more than an insurer's unproven fraud allegations, a federal court has reached out to shut down more than 600 state adjudications that no one contends are unlawful proceedings. That holding warrants review.

First, it conflicts with this Court's precedents. In *Amalgamated Clothing Workers of Am. v. Richman Bros.*, 348 U.S. 511 (1955), this Court confronted a materially identical argument: that allowing a state proceeding to continue would dislocate a federal statutory scheme and that federal rights would not be adequately protected in state court. The Court held that formulation to be mistaken—the Anti-Injunction Act itself is "continuing evidence of confidence in the state courts." 348 U.S. at 518. In *Vendo Co. v. Lektro-Vend Corp.*, 433 U.S. 623 (1977), the controlling concurrence confined the exception to state proceedings that are themselves the instrument of the federal violation—proceedings constituting a "pattern of baseless, repetitive claims" that function "as an anticompetitive device in and of itself." *Id.* at 644–45 (Blackmun, J., concurring). The phrase "pattern of baseless, repetitive claims" was a term of art drawn from this Court's sham-litigation antitrust jurisprudence, identifying state litigation that *itself* is the federal violation; *State Farm* stripped it of that context and repurposed it as a general license to enjoin

any state proceeding that merely assists someone in committing a federal wrong. And in *Mitchum v. Foster*, 407 U.S. 225 (1972), the Court articulated the governing test: a statute qualifies only when it "could be given its intended scope only by the stay of a state court proceeding." 407 U.S. at 238. Meeting that test requires the impossibility of enforcing a federal right absent an injunction. Section 1983 satisfied it because the state proceeding can itself be the constitutional deprivation the statute forbids. RICO cannot: its intended scope—treble damages and equitable relief against a pattern of racketeering—is fully achievable if the state proceedings run their course, because GEICO may prosecute its federal claim to judgment and may raise its fraud allegations as a defense in every state proceeding. Under the decision below, an injunction that is merely convenient is treated as one that is expressly authorized by RICO.

Second, the decision deepens—and widens—a circuit conflict that the courts of appeals have themselves acknowledged for decades. The Second and Sixth Circuits have held that a federal statute authorizing equitable relief can "expressly authorize" an injunction of a state proceeding the statute does not prohibit. The Third, Fourth, Fifth, Seventh, and Eleventh Circuits have held that it cannot, and have said that they were declining to follow the contrary decisions. The Fifth Circuit rejected the Sixth Circuit's holding outright, *see Total Plan Servs., Inc. v. Texas Retailers Ass'n, Inc.*, 925 F.2d 142, 145 n.3 (5th Cir.

1991); the Third Circuit called it "questionable but distinguishable," *see 1975 Salaried Ret. Plan for Eligible Emps. of Crucible, Inc. v. Nobers*, 968 F.2d 401, 410 (3d Cir. 1992); and the Fourth Circuit expressly addressed the split between the two camps, *see Employers Res. Mgmt. Co. v. Shannon*, 65 F.3d 1126, 1132 (4th Cir. 1995). The Seventh Circuit's rule is the opposite of the decision below: an injunction is available "if, and only if, the state court suit itself violates the antitrust law." *Trustees of Carpenters' Health & Welfare Trust Fund of St. Louis v. Darr*, 694 F.3d 803, 809 (7th Cir. 2012). Until now, the conflict retained one constraining feature: even the pro-injunction decisions involved federal claimants who could not vindicate the federal right in the state forum at all, and the Eighth Circuit required that an injunction be the "only means available" of protecting the federal right. *In re BankAmerica Corp. Sec. Litig.*, 263 F.3d 795, 803 (8th Cir. 2001). It was on that basis that the Fourth Circuit could describe the split as "far less troubling once the particular cases are examined." *Shannon*, 65 F.3d at 1132. The decision below discards that limit. GEICO faces no impossibility—only inconvenience—yet the injunction issued anyway, on a "help further a RICO violation" standard no other court of appeals has ever held sufficient. The conflict is now squarely outcome-determinative: under the rule of five circuits, no injunction could issue on these facts; under the rule of the Second Circuit, it must be affirmed. Meanwhile, district judges have divided over both the result and even which exception governs, a

state of confusion the District Court in this case itself acknowledged. App. 78a n.2.

Third, the question is exceptionally important, and this case is an ideal vehicle for resolving it. The decision below contains no limiting principle. Nothing confines its logic to RICO, to insurance, or to litigation involving hundreds of proceedings rather than dozens or just a few; any federal statute that authorizes equitable relief—ERISA, the securities laws, the antitrust laws—can now be invoked to recast ordinary state litigation as "furthering" a federal violation and to justify a federal anti-suit injunction. District courts are already reading *State Farm* as expanding their power to enjoin ongoing state collection proceedings and permitting in practice automatic injunctions, and insurers have filed dozens of materially identical RICO actions built on that premise. And the injunction here does not merely displace state adjudication in the abstract; it overrides a deliberate state allocation of regulatory authority. As the New York Court of Appeals reaffirmed while this case was pending, whether a provider's alleged misconduct disqualifies him from collecting no-fault automobile insurance benefits is a question New York has committed in the first instance to its own licensing regulators—not to insurers acting unilaterally. *Gov't Emps. Ins. Co. v. Mayzenberg*, --- N.E.3d ---, 2025 WL 3259882, at *3–4 (N.Y. Nov. 24, 2025). The court warned that empowering insurers to delay and deny payment on unproven misconduct allegations would incentivize

interference with the statutory authority of the Board of Regents. *Id.* The federal injunction in this case achieves through RICO precisely what New York law forbids: it lets an insurer suspend a provider's statutory collection rights on accusations no state regulator has adjudicated. As Judge Park observed, enjoining state proceedings when insurers have not sought recourse from the State violates the principles of federalism and comity. App. 45a (Park, J., concurring).

The Anti-Injunction Act preserves the structural relationship between two systems of courts, and only this Court can restore the uniform rule it was enacted to supply. The petition for a writ of certiorari should be granted.

STATEMENT OF THE CASE

A. Statutory Background

The Anti-Injunction Act has stood since 1793 as one of the foundational statutes governing the relationship between state and federal courts. It provides that "[a] court of the United States may not grant an injunction to stay proceedings in a State court" except in three narrow circumstances: "as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments." 28 U.S.C. § 2283. The statute reflects "the fundamental constitutional independence of the States and their courts." *Atlantic Coast Line*, 398 U.S. at 287. "Any doubts as to the propriety of a federal injunction against state court proceedings should be resolved in favor of permitting the state courts to proceed . . . ." *Id.* at 297.

Over more than two centuries, this Court has recognized only eight statutes as falling within the "expressly authorized" exception. *See Mitchum*, 407 U.S. at 234–35, 242–43 & nn.12–16; *Vendo*, 433 U.S. at 644–45 (Blackmun, J., concurring). Each statute either explicitly halts state proceedings on its face (such as the removal statute or the interpleader statute) or addresses state proceedings that in themselves violate federal law (such as 42 U.S.C. § 1983 or, in narrow circumstances, Section 16 of the Clayton Act).

B. Factual Background

GEICO, an automobile insurer, filed a federal RICO action against Petitioner Dr. Bhargav Patel and his medical practice, alleging that Dr. Patel engaged in a scheme to submit fraudulent insurance claims for medical services.

GEICO's complaint alleges that, beginning in August 2019, Dr. Patel and his practice submitted charges for benefits that were medically unnecessary, illusory, or never performed. The complaint describes three components: billing for services never rendered; representing that Dr. Patel personally treated patients when unlicensed technicians performed the services without his supervision; and obtaining patients through illegal referral arrangements. GEICO's only federal claim is a civil RICO claim under 18 U.S.C. § 1962(c), with a conspiracy claim under § 1962(d); its alleged predicate acts are mailings of the assertedly fraudulent bills in violation of the federal mail-fraud statute, 18 U.S.C. § 1341. GEICO also seeks a declaratory judgment that Dr. Patel may not collect on pending bills, together with common-law damages. *See* App. 52a–55a.

GEICO refused to pay more than $2.6 million in claims submitted by Dr. Patel. As a licensed physician and the owner of his practice, Dr. Patel sought reimbursement for those services through the only

mechanism New York law provides: collection arbitrations before the American Arbitration Association and collection actions in the New York courts. *See* N.Y. Ins. Law § 5106; N.Y. Comp. Codes R. & Regs. tit. 11, § 65-4.6. By the time GEICO sought its injunction, Dr. Patel was prosecuting two pending arbitrations and more than 600 collection actions related to individual claims, seeking that $2.6 million in unpaid benefits. Those proceedings were not optional; they are the exclusive, statutorily prescribed means by which a provider may collect a disputed claim. And whether a provider's alleged misconduct disqualifies him from collecting them is a question New York has committed in the first instance to its own licensing regulators—not to insurers acting on their own—as the New York Court of Appeals reaffirmed while this case was pending in *Mayzenberg*, 2025 WL 3259882, discussed below.

C. Proceedings Below

GEICO moved for a preliminary injunction staying all of Dr. Patel's pending state-court and arbitration proceedings. The district court granted the injunction. App. 80a. Applying the familiar preliminary-injunction standard, the district court found that GEICO would suffer irreparable harm from having to litigate its fraud allegations piecemeal across hundreds of separate state proceedings, and that GEICO was likely to succeed on those allegations. The court grounded its power to enjoin in the All Writs Act, 28 U.S.C. § 1651, as constrained by the Anti-

Injunction Act, and held that the stay fell within the AIA's "in aid of its jurisdiction" exception, following a line of district-court decisions applying that exception to RICO suits. *See State Farm Mut. Auto. Ins. Co. v. Parisien*, 352 F. Supp. 3d 215, 232 (E.D.N.Y. 2018); *Gov't Emps. Ins. Co. v. Landow*, No. 21-CV-1440, 2022 WL 939717, at *13 (E.D.N.Y. Mar. 29, 2022). The district court stayed the two pending arbitrations and the more than 600 pending collection actions, and enjoined Dr. Patel from commencing new ones.

The Second Circuit affirmed on different grounds. App. 1a. The panel majority held that the injunction was permissible under the AIA's "expressly authorized" exception, relying on the court's recent decision in *State Farm*. App. 34a. *State Farm* held that RICO "expressly authorizes" a federal court to enjoin pending state-court proceedings whenever those proceedings "help further" a RICO violation—even when the proceedings are not themselves RICO predicate acts. App. 145a–146a.

Judge Park concurred in the judgment but wrote separately to argue that *State Farm* was wrongly decided. He concluded that it "misinterpreted the AIA and misread Supreme Court precedent." App. 38a (Park, J., concurring). Judge Park explained that *State Farm* "departed from the well-established rule that a federal statute must prohibit the continuation of state proceedings to 'expressly authorize' an injunction." App. 44a (Park, J., concurring).

The Second Circuit denied rehearing en banc on April 16, 2026. App. 149a.

D. The New York Court of Appeals' Decision in *Mayzenberg*

While this case was pending, the New York Court of Appeals issued its decision in *Mayzenberg*, which clarified New York's own framework for addressing automobile insurance fraud. The court held that "an insurer may not deny a provider's claim for reimbursement based on alleged professional misconduct . . . ." 2025 WL 3259882 at *3. Rather, "[o]nly after a State regulator has determined that a provider committed professional misconduct, and it has suspended, annulled, or revoked their license" may an insurer refuse to pay. *Id.* The court warned that allowing insurers to deny claims on that basis would "undermine the carefully crafted statutory framework by empowering insurers to delay and deny no-fault payments, incentivizing interference with the statutory authority of the Board of Regents to determine guilt and adequate punishment for professional misconduct." *Id.* at *6.

Mayzenberg matters here for two reasons. First, it confirms that New York has made a deliberate allocation of authority: whether a provider's alleged misconduct, including fraud, disqualifies him from collecting automobile insurance benefits is committed in the first instance to state licensing regulators and the state courts that review them, not to insurers

acting unilaterally. The injunction below inverts that allocation. It permits a federal court, on nothing more than an insurer's unproven fraud allegations, to freeze the very state proceedings New York created to resolve these disputes—the precise "interference with the statutory authority" of the State's regulators that the New York Court of Appeals warned against.

Second, *Mayzenberg* shows why the Anti-Injunction Act's federalism concerns are at their zenith here. The "expressly authorized" exception has never been read to let a federal court displace a State's chosen mechanism for adjudicating a matter the State has reserved to itself. What the decision below authorizes is not the vindication of a federal right that the state courts cannot protect, but the removal of a class of disputes from the very state system New York built to decide them.

REASONS FOR GRANTING THE PETITION

The Second Circuit's decision warrants this Court's review for three independent reasons. First, it conflicts with this Court's decisions interpreting the AIA's "expressly authorized" exception. Second, it deepens an already-entrenched Circuit conflict—five courts of appeals permit an injunction only where the state proceeding would defeat the federal right, while two pro-injunction Circuits dispense with this requirement. Third, it involves a question of exceptional importance to the structure of our federal system.

I. The Decision Below Conflicts with This Court's Precedents

The Second Circuit's decision, based on its prior decision in *State Farm*, cannot be reconciled with this Court's decisions in *Amalgamated Clothing Workers*, *Vendo*, and *Mitchum*.

A. **The Decision Conflicts with *Amalgamated Clothing Workers***

Synthesizing this Court's AIA jurisprudence establishes that the "expressly authorized" exception is satisfied in one of only two ways: either the federal statute explicitly prohibits the continuation of state proceedings, or the state proceedings themselves violate the federal statute. RICO fits neither category. It does not on its face reference, much less halt, any state proceeding. And *State Farm* and the parties in

this case have expressly disclaimed any contention that the state-court proceedings were themselves RICO predicate acts. App. 145a–146a n.14.[1]

In *Amalgamated Clothing Workers*, this Court confronted a closely analogous case. A union sought a federal injunction against a state-court labor dispute, arguing that the Taft-Hartley Act triggered the AIA's "expressly authorized" exception. 348 U.S. at 513. The Court refused. The Taft-Hartley Act did not explicitly authorize an injunction, and "the employer's use of the judicial process of the State d[id] not amount to an unfair labor practice." *Id.* at 517. The union's argument that permitting the state-court action to continue would "dislocate[] the federal scheme" was unavailing. *Id.* The Court explained that the "assumption upon which the argument [for an injunction] proceeds is that federal rights will not be adequately protected in the state courts . . . ." *Id.* at 518. But "[t]he prohibition of § 2283 is but continuing evidence of confidence in the state courts, reinforced

[1] This case presents the question in unusually clean form. GEICO has never contended that Dr. Patel's collection proceedings are themselves RICO predicate acts or otherwise violate federal law, and both the panel below and *State Farm* expressly disclaimed any such theory. *See* App. 35a (Park, J., concurring), 145a–146a n.14. The injunction thus rests entirely on the proposition that RICO "expressly authorizes" federal courts to enjoin lawful state proceedings that merely "help further" an alleged violation. There is accordingly no need to disentangle the question presented from any argument that the enjoined proceedings independently violate federal law; the Court can resolve the scope of the "expressly authorized" exception on undisputed premises.

by a desire to avoid direct conflicts between state and federal courts." *Id.*

The Second Circuit's standard rests on precisely the assumption that *Amalgamated Clothing Workers* rejected. The insurer did not argue that the state-court proceedings themselves violated RICO; it argued that state courts would reach incorrect decisions because the fraud would be invisible in piecemeal litigation. *See* App. 93a. That is indistinguishable from contending that "federal rights will not be adequately protected in the state courts"—the very premise this Court held insufficient in *Amalgamated Clothing Workers*. 348 U.S. at 518.

B. The Decision Misreads the Controlling Opinion in *Vendo*

The Second Circuit's standard turned on its reading of Justice Blackmun's controlling concurrence in *Vendo*. *See Marks v. United States*, 430 U.S. 188, 193–94 (1977) (the Court's holding is the narrowest ground that commanded a majority). *State Farm* read that concurrence as establishing that the "expressly authorized" exception applies whenever "a pattern of baseless, repetitive claims . . . further[s] a violation of a federal statute." App. 136a (cleaned up). That reading strips Justice Blackmun's words of their antitrust-specific meaning and transforms a narrow exception into a sweeping one.

Justice Blackmun concluded that Section 16 of the Clayton Act authorizes an injunction of state proceedings only where "those proceedings are themselves part of a 'pattern of baseless, repetitive claims' that are being used as an anticompetitive device." *Vendo*, 433 U.S. at 644 (Blackmun, J., concurring). The phrase "pattern of baseless, repetitive claims" was not generic language. It was a term of art drawn from *California Motor Trans. Co. v. Trucking Unlimited*, 404 U.S. 508, 513 (1972), which held that sham litigation can itself constitute a conspiracy to restrain trade. *See Professional Real Est. Invs., Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 56–59 (1993). When Justice Blackmun invoked that phrase, he was identifying a category of state proceedings that *in and of themselves* violated federal antitrust law. His conclusion confirms this: he joined the majority in reversing the injunction because the defendant was not using "the state-court proceeding as an anticompetitive device *in and of itself*." *Vendo*, 433 U.S. at 645 (Blackmun, J., concurring) (emphasis added).

The Second Circuit extracted this phrase from its Clayton Act context and repurposed it as a general test applicable to any federal statute. Under that reading, the "expressly authorized" exception applies whenever state-court proceedings "further" a violation of any statute that provides for equitable relief—even when those proceedings do not violate the statute. App. 34a, 146a–147a. This view collapses the

distinction between proceedings that violate federal law and proceedings that merely complicate enforcement of federal law—a distinction this Court drew in both *Amalgamated Clothing Workers* and *Vendo*.

C. The Decision Misreads *Mitchum*

The decision below also cannot be squared with *Mitchum*, the case from which the modern "expressly authorized" test derives. *State Farm* treated *Mitchum* as authorizing an injunction halting state proceedings whenever they would "further" a violation of a federal statute. App. 146a. *Mitchum* holds no such thing.

Mitchum asked whether 42 U.S.C. § 1983 is a law "expressly authorized" to invoke the exception to the AIA. The Court held that it is, but only under a demanding test: a federal statute falls within the exception when "an Act of Congress . . . could be given its intended scope *only* by the stay of a state court proceeding." 407 U.S. at 238 (emphasis added). The statute must create "a specific and uniquely federal right or remedy, enforceable in a federal court of equity, that could be frustrated if the federal court were not empowered to enjoin a state court proceeding." *Id.* at 237.

Two features of that reasoning defeat the reading the decision below gives it. First, the test is one of necessity, not mere expedience. A statute qualifies solely if it could be given its intended scope

only by staying the state proceeding—not whenever a stay would make litigation to vindicate a statutory right less complicated for a litigant. Section 1983 met that test because it was enacted to protect federal rights against deprivation under color of state law, so the state proceeding itself can be the federal right violation, and enjoining it may be the only way to prevent the deprivation the statute forbids. RICO is different in kind. Its intended scope—a federal action for treble damages and equitable relief against a pattern of racketeering—is fully achievable without disturbing any state proceeding. GEICO can prosecute its RICO claim to judgment in federal court and can raise its fraud allegations as a defense in any proceeding. The state collection suits are not the instrument of any RICO violation; *State Farm* conceded they are not predicate acts. App. 145a–146a n.14. An injunction is therefore not necessary to RICO's intended scope; it is merely convenient.

Second, *Mitchum* did not displace the Act's animating principles. The Court was explicit that its holding cast no doubt on "the principles of equity, comity, and federalism that must restrain a federal court when asked to enjoin a state court proceeding." 407 U.S. at 243. The decision below stands that caution on its head, treating *Mitchum*'s narrow, necessity-based test as a roving license to enjoin state proceedings whenever a federal plaintiff alleges that they merely "further" a federal wrong. That converts an exception this Court has recognized for only a

handful of statutes in two centuries into one available in any case in which a RICO plaintiff can say that state litigation helps a fraud along.

II. The Decision Below Widens an Acknowledged and Entrenched Circuit Conflict

The courts of appeals have openly divided for decades over whether a federal statute that authorizes equitable relief can "expressly authorize" an injunction of a state proceeding that the statute does not itself prohibit. The Second and Sixth Circuits have held that it can; the Third, Fourth, Fifth, Seventh, and Eleventh Circuits have held that it cannot, and have refused to follow the contrary decisions. The decision below not only deepens that division—it widens it, by sustaining an injunction on a theory ("help further") more permissive than any the pro-injunction circuits had ever embraced, and by discarding the one limiting principle that had allowed some courts to treat the conflict as containable.

A. The Circuits Are Openly Divided, and They Say So

The division is not latent; the courts of appeals have identified it in explicit terms. The Fifth Circuit declined to follow the Sixth Circuit's holding that ERISA expressly authorized an AIA exception, rejecting the Third Circuit's attempt to distinguish that holding on the ground that the asserted "factual differences . . . do not appear to be controlling." *Total*

Plan Servs., 925 F.2d at 145 n.3 (citing *General Motors Corp. v. Buha*, 623 F.2d 455 (6th Cir. 1980)). A year later, the Third Circuit was blunter still: it described the Fifth Circuit as having "rejected *Buha* outright," while the Third Circuit itself treated the Sixth Circuit's decision as "questionable but distinguishable." *Nobers*, 968 F.2d at 410. And the Fourth Circuit squarely addressed "[t]he 'circuit split' that allegedly exists between the Third and Fifth Circuits, on the one hand, and the Second and Sixth Circuits, on the other." *Shannon*, 65 F.3d at 1132.

On one side, the Second and Sixth Circuits have held that a federal equitable-relief statute "expressly authorizes" an injunction of a state proceeding, even where there is no claim that the state proceeding itself violates the statute. *See Buha*, 623 F.2d at 459; *Gilbert v. Burlington Industries, Inc.*, 765 F.2d 320, 329 (2d Cir. 1985). On the other, the Third, Fourth, Fifth, Seventh, and Eleventh Circuits have refused to read federal equity statutes that way, holding that neither preemption nor exclusive federal jurisdiction is enough—the state proceeding must itself violate federal law. *See Nobers*, 968 F.2d at 409–10; *U.S. Steel Corp. Plan for Emp. Ins. Benefits v. Musisko*, 885 F.2d 1170, 1177–78 (3d Cir. 1989); *Total Plan Servs.*, 925 F.2d at 144 (statute cannot "fairly . . . be read to make the mere filing of a state court proceeding a 'violation'" of the federal scheme); *Shannon*, 65 F.3d at 1130–34; *National R.R. Passenger Corp. v. Florida*, 929 F.2d 1532, 1536–37 (11th Cir. 1991). The Seventh Circuit

applied the same rule in the antitrust setting, reading *Vendo* to authorize an injunction "if, and only if, the state court suit itself violates the antitrust law." *Darr*, 694 F.3d at 809.

That rule is not confined to any single statute. Sitting en banc, the Fifth Circuit applied it to the Longshore and Harbor Workers' Compensation Act, holding that the AIA barred an insurer's federal suit to enjoin a state-court action against it even assuming the state-law claims were preempted. *Texas Emps. Ins. Ass'n v. Jackson*, 862 F.2d 491, 503–04 (5th Cir. 1988) (en banc). And the Fourth Circuit has restated the dividing line, distinguishing a private suit that "poses no threat to violate" the federal statute from a state-initiated proceeding that does. *Denny's, Inc. v. Cake*, 364 F.3d 521, 527–28 (4th Cir. 2004).

These decisions share a common ground anchored in this Court's precedent. The denying circuits repeatedly invoke *Amalgamated Clothing Workers'* holding that courts must not be "swayed by any 'assumption . . . that federal rights will not be adequately protected in the state courts.'" *Total Plan Servs.*, 925 F.2d at 146 (quoting *Amalgamated Clothing Workers*, 348 U.S. at 517); *accord Shannon*, 65 F.3d at 1134. And the line that has, until now, kept the conflict within bounds is the "impossibility" principle: the cases upholding injunctions involved a federal claimant who could not vindicate its right in the state forum at all (in *Buha*, a fiduciary who "could not have initiated an action in state court" yet faced a

state-court garnishment that would itself compel an ERISA-prohibited alienation, 623 F.2d at 459–60), while the cases denying injunctions involved claimants who could litigate the federal issue in or alongside the state proceeding. It was on that basis that *Shannon* read *Buha* narrowly and called the split "far less troubling once the particular cases are examined." 65 F.3d at 1132.

B. The Decision Below Widens the Conflict and Removes Its Limiting Principle

The decision below takes the pro-injunction side of this conflict and extends it past the breaking point. Applying *State Farm*, the panel sustained an injunction because the state proceedings "help further" a RICO violation—while expressly disclaiming that the proceedings are themselves predicate acts or otherwise violate federal law. App. 34a, 145a–146a n.14. That holding does not merely take sides in the existing division; it abandons the "impossibility" limit that even the pro-injunction circuits observed. *Buha* required that the state proceeding make federal compliance impossible, *see Buha*, 623 F.2d at 459; the Eighth Circuit required that the injunction be the "only means available" of protecting the federal right, *see BankAmerica*, 263 F.3d at 803. The decision below requires only that the state proceeding "help further" the violation without a showing that any violation is not redressable—a standard no other court of appeals had ever held sufficient.

Because it discards the impossibility limit, the decision below cannot be reconciled the way *Shannon* reconciled the older pro-injunction cases. The conflict is now squarely outcome-determinative. Under the rule applied by the Third, Fourth, Fifth, Seventh, and Eleventh Circuits, no injunction could issue here: GEICO may assert its fraud allegations as a defense in the collection proceedings and may sue separately for treble damages under RICO, so it is neither "impossible" for GEICO to vindicate RICO nor are the state proceedings themselves RICO violations. The Seventh Circuit's rule is directly contrary to the decision below: "'When the opportunity to present the federal defense to state court, coupled with the opportunity to receive damages, carries out all federal policies, then § 2283 forbids injunctive remedies.'" *Darr*, 694 F.3d at 810 (quoting *Village of Bolingbrook v. Citizens Utils. Co.*, 864 F.2d 481, 484 (7th Cir. 1988)). A conflict this old, this openly acknowledged, and now this wide will not resolve without this Court's intervention.

The instability of this area confirms the need for the Court's intervention. The conflict among the circuits has left the lower courts without a workable rule—so unsettled that they disagree not only about the result but about which exception to the Anti-Injunction Act even governs. In the automobile insurance context alone, the judges of a single district have divided sharply. *Compare Parisien*, 352 F. Supp. 3d at 224–32 (injunction permissible), *with Gov't*

Emps. Ins. Co. v. Granovsky, No. 19-CV-6048, 2022 WL 1810727, at *5–*6 (E.D.N.Y. June 2, 2022) (no exception applies), *and State Farm Mut. Auto. Ins. Co. v. Metro Pain Specialists P.C.*, No. 21-CV-5523, 2022 WL 1606523, at *9–*14 (E.D.N.Y. May 20, 2022) (same). The district court here acknowledged that "an intra-district split has recently developed on this topic." App. 78a.

That confusion compounds because the same injunctions have been sustained under different exceptions—some courts invoking the "in aid of jurisdiction" exception, the decision below invoking the "expressly authorized" exception—so that a provider's ability to pursue a state-law collection claim turns on which doctrinal label a particular federal judge selects. These are not isolated disputes. Insurers have filed dozens of materially identical RICO actions seeking to halt automobile insurance collection proceedings, *see* App. 57a–58a, and each turns on the question presented. Only this Court can supply the uniform rule that the Anti-Injunction Act—a statute about the structural relationship between two systems of courts—is meant to provide.

III. The Question Presented Is of Exceptional Importance

The question presented goes to the core of our dual court system. The AIA has stood since 1793 as a bulwark of that system, reflecting the principle that state and federal courts "are of equal rank." *Kline v.*

Burke Constr. Co., 260 U.S. 226, 235 (1922). Its enactment reflects a constitutional design in which the federal and state court "system[s] proceed[] independently of the other with ultimate review in this Court of the federal questions raised in either system." *Atlantic Coast Line*, 398 U.S. at 286. The AIA, along with other laws, was enacted "in order to make the dual system work and to prevent needless friction between state and federal courts." *Id.* (cleaned up). As this Court has cautioned, "since the statutory prohibition against such injunctions in part rests on the fundamental constitutional independence of the States and their courts, the exceptions should not be enlarged by loose statutory construction." *Id.* at 287.

The decision below expands the "expressly authorized" exception in a way that threatens the state-federal balance in concrete and immediate ways.

The ruling is already being extended. District courts have read *State Farm* as "expand[ing the] reach" of permissible federal injunctions directed at state courts, "enabling district courts to enjoin ongoing state-court collections proceedings." *Gov't Emps. Ins. Co. v. Akiva Imaging Inc.*, No. 1:24-CV-6549, 2025 WL 1434297, at *2 (E.D.N.Y. May 19, 2025); *see also State Farm Mut. Auto. Ins. Co. v. Atl. Med. & Diagnostic, P.C.*, No. 26-CV-1084, 2026 WL 1162795, at *3 (E.D.N.Y. Apr. 29, 2026); *Allstate Ins. Co. v. Landow*, No. 24-CV-2010, 2026 WL 866199, at *2 n.3 (E.D.N.Y. Mar. 30, 2026); *Gov't Emps. Ins. Co. v. Innovation Anesthesia & Pain Servs., P.C.*, No. 24-CV-2220, 2025

WL 917509, at *8 (E.D.N.Y. Mar. 25, 2025) (State actions "themselves help to further the RICO violation because, as in *State Farm*, their lawsuits enable Defendants to use the benefits obtained from those lawsuits to continue financing their scheme, thereby constituting a pattern of baseless, repetitive claims." (cleaned up)).

The ruling has no logical limiting principle. As Judge Park warned, *State Farm* opens the door to "whether statutes other than RICO authorize injunctions of a 'pattern of baseless, repetitive claims,' or whether RICO itself authorizes an injunction" in cases involving fewer than hundreds of state proceedings. App. 44a & n.6 (Park, J., concurring). There is no logical basis to confine the holding to RICO, or to distinguish between hundreds of state proceedings and dozens, or even a handful. Any federal statute that authorizes equitable relief could be invoked to repackage state litigation as "furthering" a federal violation and thereby justify federal anti-suit injunctions. The "expressly authorized" exception has been litigated under RICO, ERISA, the federal securities laws, the antitrust laws, the Interstate Commerce Act, and the National Environmental Policy Act, among others; the rule the Court announces will govern all of them. The question thus recurs across the full range of federal statutes that authorize equitable relief.

The potential applications are concrete and far-reaching. The holding could expand to authorize

injunctions of state proceedings in federal securities litigation, ERISA disputes, or federal copyright cases. In the RICO context alone, the holding could apply to actions alleging fraud in state workers' compensation or unemployment benefits systems; to consumer finance litigation challenging debt-buyer litigation mills, *see, e.g., Sykes v. Harris*, No. 09 Civ. 8486 (DC), 2016 WL 3030156, at *1 (S.D.N.Y. May 24, 2016); and to federal actions challenging housing practices through housing-court eviction proceedings, *see, e.g., Charron v. Pinnacle Grp. N.Y. LLC*, 269 F.R.D. 221, 225 (S.D.N.Y. 2010).

The decision undermines a comprehensive state regulatory framework. The New York Court of Appeals' decision in *Mayzenberg* makes clear that New York has established its own comprehensive mechanism for addressing automobile insurance fraud—one that vests primary authority in the State's Board of Regents, not in federal courts. The federal injunction in this case allows an insurer to circumvent that state framework by obtaining through federal RICO litigation what the state courts would not permit. As Judge Park observed, "[e]njoining state proceedings when insurers—including GEICO here—have not sought recourse from the State violates the principles of federalism and comity." App. 45a (Park, J., concurring).

This Court should grant certiorari to restore the AIA's "core message . . . of respect for state courts," *Smith v. Bayer Corp.*, 564 U.S. 299, 306 (2011), and to

ensure that the "expressly authorized" exception remains the "narrow" gateway this Court has long understood it to be. *Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140, 146 (1988).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

Adam Francois Watkins
Counsel of Record
Stephanie F. Bradley
WATKINS BRADLEY LLP
New York, NY
212-937-4281
aw@watkinsbradley.com

Attorneys for Petitioners

APPENDIX

TABLE OF APPENDICES

Appendix A

APPENDIX A – ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT, DATED FEBRUARY 3, 2026

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

August Term, 2024

(Argued: January 31, 2025 Decided: February 3, 2026)

Docket No. 24-191

GOVERNMENT EMPLOYEES INSURANCE COMPANY, GEICO INDEMNITY COMPANY, GEICO GENERAL INSURANCE COMPANY, GEICO CASUALTY COMPANY,

Plaintiffs – Appellees,

–v.–

BHARGAV PATEL, MD, PATEL MEDICAL CARE, P.C.,

Defendants – Appellants,

JOHN DOE DEFENDANTS 1 THROUGH 10,

Defendants.

Appendix A

B e f o r e:

CARNEY, PARK, and NARDINI, *Circuit Judges*.

In this suit brought under the Racketeering Influenced and Corrupt Organization Act ("RICO"), Plaintiffs the Government Employees Insurance Company ("GEICO") and three of its subsidiaries allege that Defendants Dr. Bhargav Patel ("Dr. Patel") and associated entities (collectively, "Defendants") participated in a scheme to defraud GEICO by exploiting New York's no-fault automobile insurance laws. Proceeding in the United States District Court for the Eastern District of New York (Matsumoto, *Judge*), GEICO filed a complaint seeking (1) a judgment in the amount of GEICO's payments to Defendants on fraudulent claims, and (2) a declaration that it need not pay any of Defendants' pending but as-yet unpaid claims for reimbursement.

Defendants then filed over 600 independent collection actions against GEICO in various New York state courts and arbitration tribunals, seeking judgments against GEICO totaling over $2 million based on benefits claims Defendants had submitted to GEICO and which GEICO had disputed or denied. In response, GEICO sought an order from the district court staying all of Defendants' pending state collections suits and enjoining Defendants from filing any new collection suits against it until the court ruled on GEICO's pending RICO claims. The district court granted the preliminary injunction, concluding that

GEICO sufficiently demonstrated irreparable harm, serious questions going to the merits, and a balance of hardships tipping decidedly in its favor. *See Gov't Emps. Ins. Co. v. Patel*, No. 23-CV-2835, 2024 WL 84139 (E.D.N.Y. Jan. 8, 2024). The district court further determined that, under the "in aid of jurisdiction" exception to the Anti-Injunction Act, 28 U.S.C. § 2283, it had authority to temporarily enjoin the parallel state court and arbitration proceedings. *Id.* at *11–13. Defendants timely appealed.

Reviewing the district court's grant of a preliminary injunction for abuse of discretion, we identify none. The court did not clearly err in concluding that the parallel proceedings posed a risk of irreparable harm to GEICO: the potential of inconsistent judgments posed that risk, as did the possibility that the alleged overarching fraudulent scheme would be obscured by a requirement that GEICO's fraud defense be asserted piecemeal in the numerous individual state collection proceedings. Finally, in accordance with our recent decision in *State Farm Mutual Automobile Insurance Company v. Tri-Borough NY Medical Practice, P.C.*, 120 F.4th 59 (2d Cir. 2024), we conclude that the preliminary injunction did not violate the Anti-Injunction Act.

Judge PARK concurs in the judgment in a separate opinion.

AFFIRMED.

Appendix A

STEFAN BELINFANTI (Gary Tsirelman, *on the brief*), Gary Tsirelman, P.C., Brooklyn, NY, *for Defendants- Appellants*.

BARRY I. LEVY (Henry Mascia, Cheryl F. Korman, Michael A. Sirignano, *on the brief*), Rivkin Radler LLP, Uniondale, NY, *for Plaintiffs-Appellees*.

CARNEY, *Circuit Judge*:

In this suit brought under the Racketeering Influenced and Corrupt Organization Act ("RICO"), Plaintiff Government Employees Insurance Company ("GEICO") and three of its subsidiaries allege that Defendants Dr. Bhargav Patel ("Dr. Patel") and associated entities (collectively, "Defendants")[1] participated in a scheme to exploit New York's no-fault automobile insurance laws with the aim of defrauding GEICO and other New York auto insurers. GEICO claims that Defendants submitted to it millions of

[1] The Complaint names the following entities as Defendants: Dr. Patel; Patel Medical Care, P.C., Dr. Patel's related professional corporation; and 10 "John Doe" defendants. Dr. Patel provides medical services through Patel Medical Care, P.C., which he owns, at four clinics located in the borough of Queens. Unless otherwise indicated, our reference to "Defendants" does not include the John Doe defendants, who are not appellants here.

dollars in reimbursement claims for "medically unnecessary, experimental, excessive, illusory, and otherwise unreimbursable" treatment expenses—for treatments both provided and never provided—related to injuries suffered by insured individuals in motor vehicle accidents in New York. App'x at 11 (Compl. ¶ 1). GEICO seeks a judgment against Defendants in the amount of GEICO's payments on fraudulent claims and a declaration that it need not pay any of Defendants' pending reimbursement claims. GEICO also sought interim relief, as described below.

GEICO filed this case in the United States District Court for the Eastern District of New York (Matsumoto, *Judge*). In response, the Defendants filed over 600 collection actions against GEICO in various New York state courts and arbitration tribunals, seeking judgments totaling more than $2 million based on benefits claims they submitted to GEICO, which GEICO either disputed or denied. GEICO then sought a preliminary injunction from the district court staying all of Defendants' collections proceedings and enjoining Defendants from filing any new collection actions against it until the district court ruled on the pending RICO claims.

The district court granted the preliminary injunction, concluding that GEICO sufficiently demonstrated serious questions going to the merits, irreparable harm, and a balance of hardships tipping decidedly in its favor. *See Gov't Emps. Ins. Co. v. Patel*, No. 23-CV-2835, 2024 WL 84139 (E.D.N.Y. Jan. 8, 2024). The district court's irreparable harm finding rested on GEICO's showing of the risk of inconsistent

state court judgments against it and the likelihood of unnecessary and "potentially unrecoverable" expenditures of time and resources in the multiple state court proceedings. *Id.* at *6–8.

The district court further determined that, under the "in aid of jurisdiction" exception to the Anti-Injunction Act, 28 U.S.C. § 2283, it had authority to enjoin the parallel state court and arbitration proceedings. *Id.* at *11–13. Defendants timely appealed. Reviewing the district court's preliminary injunction order for abuse of discretion, we identify none. The court did not clearly err in concluding that the parallel proceedings posed a risk of irreparable harm to GEICO: the possibility of inconsistent judgments posed that risk, as did the possibility that Defendants' allegedly fraudulent scheme would be obscured if GEICO had to assert its defense piecemeal in the more than 600 individual state collection proceedings. Finally, in accordance with our recent decision in *State Farm Mutual Automobile Insurance Company v. Tri-Borough NY Medical Practice, P.C.*, 120 F.4th 59 (2d Cir. 2024) ("*State Farm*"), we conclude that the stay order and temporary injunction did not violate the Anti-Injunction Act.

For these and the reasons further set forth below, we AFFIRM.

BACKGROUND

I. New York's No-Fault Automobile Insurance Law

Appendix A

New York State's no-fault automobile insurance law and its implementing regulations create a system enabling insured individuals to avoid common-law tort litigation and efficiently recover expenses for their medical and other costs resulting from motor vehicle accidents. Two decades ago, shortly after the law was enacted, the New York Court of Appeals explained that the no-fault system "supplant[s] common- law tort actions for most victims of automobile accidents." *Med. Soc'y of N.Y. v. Serio*, 100 N.Y.2d 854, 860 (2003); *see also State Farm Mut. Auto. Ins. Co. v. Mallela*, 372 F.3d 500, 502 (2d Cir. 2004) (same).

Under that system, insured individuals injured in a motor vehicle accident may claim and collect benefits of up to $50,000 from their insurers to cover "[b]asic economic loss." New York Insurance Law ("N.Y.S. Ins. Law") § 5102(a). Benefits available from insurers may include payments for medical and hospital bills, the costs of physical therapy, ambulance expenses, and the purchase of necessary prosthetics. *Id.* As the "no-fault" name implies, the insureds are entitled to such benefits regardless of their own culpability in an accident and without having to file suit against others involved in the accident. *See generally Aetna Health Plans v. Hanover Ins. Co.*, 36 N.Y.S. 3d 431, 434 (2016).

New York law now also permits insured individuals to assign their claims for no-fault benefits to eligible healthcare providers in compensation for healthcare services provided to them. N.Y. Comp. Codes R. & Regs. ("N.Y.C.R.R.") tit. 11, § 65-3.11(a). An assignee provider may seek payment for services rendered directly from an insurer using standardized claim forms. *Id.* To be eligible to receive payment in

this way, an assignee provider must meet all applicable New York State or local licensing requirement[s]." *Id.* at § 65-3.16(a)(12).[2]

New York's no-fault regime imposes "strict, and brief, time periods for claim processing" on providers, insured individuals, and insurers. *Gov't Emps. Ins. Co. v. Mayzenberg*, 121 F.4th 404, 409 (2d Cir. 2024). Insurers are allotted 30 days from submission to review, investigate, and verify an insured individual's claim for benefits. *Id.*; *see* N.Y. Ins. Law § 5106(a); 11 N.Y.C.R.R. § 65-3.8. An insurer that has failed either to pay or to deny a claim within the 30-day period is precluded from raising most defenses, including fraud

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[2] In *Government Employees Insurance Company v. Mayzenberg*, 121 F.4th 404 (2d Cir. 2024), we certified to the New York Court of Appeals the question whether an insurer could deny payment for no-fault benefits to a healthcare provider under § 65-3.16(a)(12) if it determines that the provider improperly paid for patient referrals. *Id.* at 422. The New York Court of Appeals answered that question in the negative. *See Gov't Emps. Ins. Co. v. Mayzenberg*, --- N.E.3d ---, 2025 WL 3259882, at *3 (Nov. 24, 2025). An insurer, it said, is entitled to deny reimbursement of a provider's no-fault benefit claims "[o]nly after a State regulator has determined that [the] provider committed professional misconduct, and it has suspended, annulled, or revoked the[] [provider's] license" as a result. *Id.* While that decision may bear on the merits of this case, it has no impact on this appeal. At issue here is the district court's analysis of the preliminary injunction factors in staying Defendants' pending collections actions, not whether GEICO ultimately may deny Defendants' claims for reimbursement based on its determination that Defendants engaged in professional misconduct.

and lack of medical necessity, in a subsequent action by its insured to collect on the claim. *Mayzenberg*, 121 F.4th at 409 ("[I]f the insurer fails to adhere to this 30-day deadline, it will be precluded from raising most defenses in any subsequent lawsuit.") (citing *Fair Price Med. Supply Corp. v. Travelers Indem. Co.*, 10 N.Y.3d 556, 563 (2008)); *see* N.Y. Ins. Law § 5106(a).

Once duly assigned an insured's benefits, a provider that has not received timely payment may sue the insurer either in state court or, under streamlined procedures, in an arbitration proceeding. *See* N.Y. Ins. Law § 5106(b); 11 N.Y.C.R.R. § 65-4.1; *see, e.g.*, *Viviane Etienne Med. Care, P.C. v. Country-Wide Ins. Co.*, 25 N.Y.3d 498 (2015) (state court proceeding for recovery of benefits). To recover, the provider need only show that the "billing forms were mailed to and received by the relevant insurance carrier," and that it and did not receive payment within the 30-day period. *Viviane Etienne Med. Care, P.C.*, 25 N.Y.3d at 506–07. An insurer that pays a claim for benefits and later discovers fraud by an assignee, however, may sue the assignee for damages. *See, e.g., Mayzenberg*, 121 F.4th at 412-13. When an insurer has received but not yet paid a claim, it may also seek a judicial declaration that it is not liable for the unpaid claim. *See id.*

The no-fault system is aimed at providing insured individuals efficient and predictable recovery for economic loss resulting from motor vehicle accidents. *See id*. at 409; *Med. Soc'y of New York*, 100 N.Y.2d at 860. The "'strict, and brief, time periods for claim processing'" are intended to "ensure prompt compensation for individuals injured in motor vehicle accidents without regard to fault" and "reduce

litigation burdens on the courts." *Mayzenberg*, 121 F.4th at 409 (quoting *Mallela*, 372 F.3d at 503). The no-fault arbitration procedure, in particular, is "an expedited, simplified affair meant to work as quickly and efficiently as possible." *Allstate Ins. Co. v. Mun*, 751 F.3d 94, 99 (2d Cir. 2014). On the other hand, as we have explained, the no-fault system's expedited nature means that it cannot readily accommodate "[c]omplex fraud and RICO claims, maturing years after the initial claimants were fully reimbursed." *Id.*

II. Factual Background[3]

From August 2019 to April 2023, Defendants submitted approximately $3.4 million in no-fault benefits claims to GEICO. According to GEICO, however, these included claims for treatments that were "medically unnecessary, experimental, excessive, illusory, and otherwise unreimbursable." App'x at 10–11 (¶ 1). These claims, GEICO urges, were the result of an elaborate fraudulent scheme designed to

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[3] The factual description provided here is drawn from the allegations of GEICO's complaint, the materials attached to its motion for a stay and injunctive relief, and those attached to Defendants' opposition to those motions. Defendants fault the district court for relying on evidence that would not be admissible at trial on GEICO's claims. We have observed, however, that a motion for preliminary injunction request is often decided in a "less formal" procedural setting than a trial, and that otherwise-inadmissible evidence may be considered at that early stage. *Mullins v. City of New York*, 626 F.3d 47, 51–52 (2d Cir. 2010). We therefore find unpersuasive Defendants' many arguments grounded in their assertions of inadmissibility.

maximize Defendants' profits rather than provide any benefit to the patients Defendants purported to have treated.

GEICO describes the purportedly fraudulent scheme in great detail in its complaint and motion-related papers. It alleges that Defendants' process to generate a fraudulent claim rested on their "patient" procurement practices.[4] According to GEICO, Dr. Patel and his associated providers made no effort to cultivate legitimate relationships with patients or to develop a real medical practice. Instead, third-party "broker[s]" (these are the "John Doe" defendants) referred injured individuals to one of Defendants' four clinics and then facilitated Dr. Patel's access to those individuals.

App'x at 24 (¶ 48). In exchange, Defendants compensated the third parties based on the volume of patients they referred, using kickback arrangements that, in GEICO's view, violated New York law.

Upon receiving a referral, Defendants would conduct an initial consultation and examination of the patient at one of their clinics, GEICO relates. These consultations— which GEICO says rarely lasted longer than 30 minutes—served as a "gateway" for treatments that were "medically unnecessary,

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[4] GEICO alleges both that Defendants billed for services they did not render and that they rendered treatment that was unnecessary. For simplicity, we refer to individuals for whom Defendants submitted claims as "patients," whether or not Defendants actually provided any treatment to them.

excessive, experimental, and . . . illusory," as we recounted above. App'x at 30 (¶ 76). After the consultations, virtually all of the referred patients would be subjected to a "predetermined, fraudulent" treatment schedule and to the clinic's billing protocol without regard for their actual medical needs. *Id.* (¶ 77).

The billing protocol used by the clinics was designed to enable Defendants to "generate and falsely justify the maximum amount of fraudulent no-fault billing" for each patient, as GEICO tells it. *Id.* at 29 (¶ 71). The result was that Defendants provided medically unnecessary services, including some "experimental and investigational" treatments, for which they subsequently submitted benefit claims to insurers. *Id.* at 19- 20 (¶ 39). In addition, GEICO says, Defendants sought payment for services never provided: they submitted claim forms falsely identifying Dr. Patel as the treating provider, even though independent contractors—including, at times, unlicensed individuals—provided the services billed for. GEICO claims that Defendants also provided claim forms bearing forged patient signatures for services not rendered at all.

III. This Action

On April 17, 2023, GEICO sued Defendants in the District Court for the Eastern District of New York, asserting claims under RICO and under New York law on theories of common-law fraud and unjust enrichment. GEICO sought to recover at least the $711,000 that it had paid to Defendants in benefits claims. It also sought a judgment declaring that

Defendants were not entitled to payment of $2.2 million in pending and unpaid claims submitted to GEICO since 2019.

Meanwhile, from April through November 2023, Defendants filed approximately 605 individual actions against GEICO seeking payment on claims GEICO had disputed or denied from 2019 through 2023. These actions, seeking sums totaling over $2.675 million, included approximately 600 lawsuits filed in New York state court and two arbitration proceedings with the American Arbitration Association.[5] GEICO claims that Defendants, deciding not to counterclaim in GEICO's federal action or to file one consolidated state-court collection action, instead chose to file these hundreds of individual actions to prevent the district court from fully adjudicating its claims against them and to obscure their ongoing fraud.

GEICO sought injunctive relief from the district court. It asked for an order temporarily enjoining Defendants from attempting to collect any additional compensation from GEICO under the no-fault system

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[5] The parties dispute whether any of the no-fault claims were filed as arbitrations rather than state-court collections actions. The district court decided to "rel[y] on the [GEICO employee] declaration and assume[], without deciding, that there [were] active arbitrations" that should be stayed. *Patel*, 2024 WL 84139, at *5 n.1. In light of the evidence submitted by GEICO to support its claim, including an employee's declaration under oath, we find no merit in Defendants' argument that the district court abused its discretion in crediting GEICO's characterization over that offered by Defendants.

and staying all of Defendants' pending state collections actions. Defendants opposed, arguing that GEICO had failed to demonstrate irreparable harm, that the balance of hardships weighed in their favor, and that an injunction was barred by the Anti-Injunction Act, 28 U.S.C. § 2283. The district court granted the motion, stayed the pending collections proceedings, and enjoined Defendants from filing any additional collections actions against GEICO until it had issued a decision resolving GEICO's underlying action. Defendants timely appealed.

When GEICO and Defendants filed their briefs in this action, we had previously addressed the availability of injunctive relief and of a related stay of a parallel no-fault state court proceeding in only one decision, a non-precedential summary order. *See Allstate Ins. Co. v. Harvey Fam. Chiropractic*, 677 F. App'x 716 (2d Cir. 2017). In *Harvey*, we affirmed the district court's decision to deny the requested preliminary injunction, citing an absence of record evidence that the plaintiffs could not be fully compensated through a later award of money damages. *See id.* at 718.

After *Harvey*, however, and while the appeal in this case was pending, we decided *State Farm*. There, we affirmed a district court's grant of a preliminary injunction staying hundreds of parallel no-fault state-court and arbitration proceedings in a context presenting many parallels to GEICO's case, as we will explain. The parties have submitted letter briefs addressing the effect of *State Farm* on this appeal.

Appendix A

DISCUSSION

I. Standard of Review

We review both the district court's grant of a preliminary injunction and its stay of parallel state court proceedings for abuse of discretion. *Citigroup Glob. Mkts., Inc. v. VCG Special Opportunities Master Fund Ltd.*, 598 F.3d 30, 34 (2d Cir. 2010). A district court "'abuses' or 'exceeds' the discretion accorded to it when (1) its decision rests on an error of law . . . or a clearly erroneous factual finding, or (2) its decision—though not necessarily the product of a legal error or a clearly erroneous factual finding—cannot be located within the range of permissible decisions." *Zervos v. Verizon N.Y., Inc.*, 252 F.3d 163, 169 (2d Cir. 2001).

II. Analysis

A. Preliminary Injunction

A preliminary injunction is an "extraordinary and drastic remedy" that "should not be granted unless the movant, by a clear showing, carries the burden of persuasion." *State Farm*, 120 F.4th at 79 (quoting *Moore v. Consol. Edison Co. of N.Y.*, 409 F.3d 506, 510 (2d Cir. 2005)). To meet that burden, the movant must demonstrate "(1) irreparable harm; (2) either a likelihood of success on the merits or both serious questions on the merits and a balance of hardships decidedly favoring the moving party; and (3) that a preliminary injunction is in the public interest." *N. Am. Soccer League, LLC v. U.S. Soccer Fed'n, Inc.*, 883 F.3d 32, 37 (2d Cir. 2018). Under the two-part "serious questions" standard, the "overall burden is no lighter

than the one the [movant] bears under the 'likelihood of success' standard," for the movant must "demonstrate both serious questions on the merits and a balance of hardships decidedly favoring the moving party." *State Farm*, 120 F.4th at 79–80 (alterations omitted) (quoting Citigroup *Glob. Mkts., Inc.*, 598 F.3d at 35). Our standard analysis begins, however, with a focus on a movant's claim of irreparable harm, which, as "the single most important prerequisite for the issuance of a preliminary injunction," must be satisfied before the remaining requirements need be considered. *Id.* at 80 (quoting *Faiveley Transp. Malmo AB v. Wabtec Corp.*, 559 F.3d 110, 118 (2d Cir. 2009)). We do so here.

1. Irreparable harm

To demonstrate that the district court's failure to provide the requested relief will cause it irreparable harm, the movant must show an "injury that is neither remote nor speculative, but actual and imminent and that cannot be remedied by an award of monetary damages." *St. Joseph's Hosp. Health Ctr. v. Am. Anesthesiology of Syracuse, P.C.*, 131 F.4th 102, 106 (2d Cir. 2025) (quoting *New York v. U.S. Dep't of Homeland Sec.*, 969 F.3d 42, 86 (2d Cir. 2020)). The injury must also be a "continuing" one. *Kamerling v. Massanari*, 295 F.3d 206, 214 (2d Cir. 2002) (quoting *N.Y. Pathological & X-Ray Labs., Inc. v. INS*, 523 F.2d 79, 81 (2d Cir. 1975)). A threat of irreparable harm arises "where, but for the grant of equitable relief, there is a substantial chance that upon final resolution of the action the parties cannot be returned to the positions they previously occupied." *State Farm*, 120

F.4th at 80 (quoting *Brenntag Int'l Chems., Inc. v. Bank of India*, 175 F.3d 245, 249 (2d Cir. 1999)). So to establish irreparable harm, the movant "must show that there is a continuing harm which cannot be adequately redressed by final relief on the merits and for which money damages cannot provide adequate compensation." *Id.* (internal citation and quotation marks omitted).

The district court concluded that GEICO made this showing. It determined that, if Defendants were "permitted to prosecute the ongoing collection proceedings," GEICO would "face[] imminent and non-speculative risks of inconsistent judgments and unnecessary, and potentially unrecoverable, expenditures of time and resources on arbitrations and state lawsuits that may be resolved by the instant, pending declaratory judgment action." *Patel*, 2024 WL 84139, at *8. Moreover, the court explained, permitting the collections actions to proceed would "nullify [GEICO's] efforts to prove fraud at a systematic level . . . and deprive [GEICO] of an avenue towards complete relief in *any* court." *Id.* at *7 (quoting *State Farm Mut. Auto. Ins. Co. v. Parisien*, 352 F.Supp.3d 215, 232 (E.D.N.Y. 2018)) (emphasis in original).

Defendants challenge this conclusion, arguing that neither the waste of time and resources nor the risk of inconsistent judgments—either among state courts or between state courts and the federal district court—would irreparably harm GEICO. Any expenditure of time and resources, they say, could later be remedied by money damages, and the risk of inconsistent judgments is "speculative and non-imminent." Appellants' Br. at 42. They argue, too, that the state

courts are "well-suited" to adjudicate GEICO's fraud defenses, *id.* at 34, and so the cited risk that Defendants could obscure their overarching fraudulent scheme through the state court actions, as GEICO contends, is nonexistent.

We identify no error in the district court's assessment that GEICO has made a sufficient showing of irreparable harm. As the district court correctly reasoned, the pendency of hundreds of collections actions poses a clear risk of "inconsistent arbitration decisions and judicial judgments," simply by their numerosity. *Patel*, 2024 WL 84139, at * 7. In addition, if not stayed, the individualized nature of the cascading collections actions creates a risk that Defendants' overarching fraudulent scheme, as alleged by GEICO, will be unrecognized by any individual state court or arbitrator and that the district court will be precluded from providing complete relief to GEICO if GEICO proves to be so entitled.

To begin with, expedited no-fault arbitrations, as GEICO describes, "generally contemplate no substantive discovery" in advance of an arbitral hearing, nor do they typically permit "any meaningful examination or cross-examination" during the hearing. Suppl. App'x at 42 (citing 11 N.Y.C.R.R. § 65-4.1). Indeed, in expedited arbitrations, claims are often "heard and resolved in minutes." *Id.* Even in state court, where GEICO would have a "greater ability to conduct discovery," the "limited nature" of each individual case, involving only one billed service, would severely undermine GEICO's capacity to prove complex fraud through those proceedings. *Id.* In other words, GEICO plausibly alleges, as did the plaintiff

insurer in *State Farm*, that the collections actions are fragmented proceedings that "involve single claims for a single date of service, so that these fragmented proceedings end up obscuring what [GEICO] contends is an elaborate and complex fraudulent scheme." 120 F.4th at 80.

In *State Farm*, we explained that the defendants' myriad claims for benefits as assignee may well look different when viewed in the aggregate than when viewed in hundreds of individual proceedings, creating a risk that "the arbitrations and state- court proceedings [would] . . . help to insulate the alleged fraud from detection." *Id.* at 81. So too here. One reviewing arbitrator or state court judge, based on an isolated factual record of one claim for one patient, might conclude that a certain treatment was medically necessary for that patient. But the district court here, reviewing aggregated claims, would be able to identify patterns in those claims, and would be better positioned to reach a conclusion (if justified) that Defendants in fact adhered to redetermined treatment protocols whether or not necessary in individual cases, as GEICO alleges. The district court would also be better positioned, by comparing claims submitted by all four of the clinics, to discern whether Dr. Patel could possibly have provided all the treatments for which claims were submitted in his name and so to conclude that certain claims were either for services provided by third parties or for services not provided at all, as GEICO contends. Such a conclusion would be "exceedingly difficult to establish in a proceeding on a single claim." *Id.* at 80-81.Without a stay, then, GEICO faces a real risk that "the global and intertwined

nature of the fraud" it alleges could be "effectively obscured." *Id.* at 80.

Contrary to Defendants' contention, this risk is far from "hypothetical" or "speculative." Appellants' Br. at 42–43. As we have explained, GEICO has made a sufficient showing, based on the nature of the state-court and arbitration proceedings initiated by Defendants, that it might be unable to successfully assert its global fraud defense in those proceedings. It need do no more. *See State Farm*, 120 F.4th at 80–81. Further, the harm alleged is also imminent and continuing, as the district court correctly explained, because "without injunctive relief . . . Defendants may continue to commence arbitrations before the AAA and state lawsuits for outstanding claims." *Patel*, 2024 WL 84139, at *7; *see also State Farm*, 120 F.4th at 81 (finding a harm imminent and continuing because, "[w]ithout the preliminary injunction," defendants could "continue bringing new actions to recover the remaining unpaid claims for No-Fault benefits").

Nor are we persuaded by Defendants' assertion that any harm arising to GEICO from the collections actions would be compensable by money damages. It is true, as Defendants argue, that generally "[m]ere litigation expense, even substantial and unrecoupable cost, does not constitute irreparable injury." *Renegotiation Bd. v. Bannercraft Clothing Co.*, 415 U.S. 1, 24 (1974). But GEICO's incurring litigation expense is not the risk we identify; the risk, as we have explained, is that Defendants could exploit the individualized nature of the collections actions to obscure their fraudulent scheme and prevent the

district court from providing complete relief to GEICO.[6]

As we concluded in *State Farm*, moreover, this risk is heightened by "the potential preclusive effect of the state-court proceedings and arbitrations." 120 F.4th at Absent a stay, it is virtually certain that some, if not all, of the expedited collections actions would conclude before the action in the district court. Both state-court judgments and arbitral determinations can have preclusive effect in federal courts. *See id.* (citing *Whitfield v. City of New York*, 96 F.4th 504, 522 (2d Cir. 2024) and *Jacobson v. Fireman's Fund Ins. Co.*, 111 F.3d 261, 267–68 (2d Cir. 1997)). Indeed, "the No-Fault Act specifically provides that '[a]n award by an arbitrator shall be binding.'" *Id.* at 82 (quoting N.Y. Ins. Law § 5106(c)).

In light of this rule, Defendants could obtain factual determinations unfavorable to GEICO in individualized collections proceedings with a limited record and then use the preclusive effect of those determinations against GEICO in other proceedings,

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[6] What's more, we have found that monetary loss accompanied by other intangible harms may constitute irreparable harm. *See, e.g.*, *Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393, 404 (2d Cir. 2004) (holding that monetary damages combined with loss of reputation, good will, and business opportunities amounted to irreparable harm); *Ticor Title Ins. Co. v. Cohen*, 173 F.3d 63, 69 (2d Cir. 1999) (same for monetary damages combined with loss of relationship with client). Accordingly, that *one* of the harms GEICO may suffer absent a stay is monetary in nature does not undermine the district court's ruling that GEICO has shown a risk of irreparable harm.

both in state and federal court. This reality could bar GEICO from subsequently recovering on certain claims in its federal court action, even if it were to prevail in that action. In addition to obscuring the extent of Defendants' allegedly fraudulent scheme, then, the collections actions might also prevent the district court from providing complete relief to GEICO if so entitled. *See Patel*, 2024 WL 84139, at *7 (highlighting the risk that the collections actions could "deprive GEICO of an avenue towards complete relief in *any* court") (emphasis in original and alterations adopted).

Defendants assert that the district court suggested that it "is not bound by the state court judgments," and argue on this basis that the potential preclusive effects of the collections actions are minimal. Appellant's Reply Br. at 5 (emphasis removed). But we do not read the court to have suggested that it would decline to credit the outcomes rendered in state court proceedings; rather, we read it to have suggested that the stay would avoid the possibility of contradictory conclusions in the first place, since the state-court and arbitration proceedings might become unnecessary if GEICO's claims were resolved in the federal action. Indeed, we read the district court's decision as expressly invoking preclusion concerns as one of the bases for the stay that it entered. *See Patel*, 2024 WL 84139, at *7 (reasoning that parallel state court proceedings could "subject GEICO to independent and contradictory conclusions that ultimately may be

rendered ineffective by this Court") (internal citation and quotation marks omitted).[7]

In any event, federal law mandates that federal courts "give to a state-court judgment the same preclusive effect as would be given that judgment under the law of the State in which the judgment was rendered." *Whitfield*, 96 F.4th at 522 (quoting *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75, 81 (1984)); *see* 28 U.S.C. § 1738. And, as Defendants point out, "[c]ollateral estoppel is so [e]ngrained in [the] New York judicial system that even a prior no-fault arbitration award on a decided issue will have collateral estoppel effect on subsequent court actions between the same parties." Appellants' Br. at 33. We have no difficulty in concluding, then, that the collections proceedings *might* have preclusive effect in the federal action. This possibility, as we explained in *State Farm*, is enough for GEICO to have sufficiently demonstrated a risk of irreparable harm to support its claim for relief. *See* 120 F.4th at 81 ("[I]t is premature at this point to attempt to ascertain the definitive preclusive effect of such proceedings because our task at this juncture is solely to determine whether there is

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[7] We also reject any suggestion by Defendants that the district court's decision creates federalism concerns. The collections actions GEICO seeks to stay were not initiated until *after* the federal court action began. On these facts, it is clear that GEICO did not come to the federal system with the goal of upsetting the now-stayed state court proceedings. *Cf. Atl. Coast Line R. Co. v. Bhd. of Locomotive Eng'rs*, 398 U.S. 281, 283 (1970).

a sufficient showing of a risk of irreparable harm absent an injunction. We believe there is.").

Defendants, urging a contrary conclusion, suggest that GEICO had an alternative route to avoiding the risks posed by their numerous collection actions: seeking consolidation of those actions in state court. But the decision to consolidate the state court collections cases is for the state courts to make. *See Berman v. Greenwood Vill. Cmty. Dev., Inc.*, 156 A.D.2d 326, 326 (2d Dep't 1989) ("It is well established that the power to order consolidation rests in the sound discretion of the court[.]"). Moreover, in view of the fact-specific nature of the claims, case-management challenges, and resource limitations, "consolidation is highly disfavored by courts in no-fault insurance cases." *Urban Radiology, P.C. v. GEICO*, 28 Misc. 3d 1230(A), at *2 (Kings Cnty. 2010); *see, e.g.*, *Radiology Res. Network, P.C. v. Fireman's Fund Ins. Co.*, 12 A.D.3d 185, 186 (1st Dep't 2004) (denying consolidation of 68 no-fault benefits claims because "to try all 68 claims together would be unwieldy and would create a substantial risk of confusing the trier of fact"); *Poole v. Allstate Ins. Co.*, 20 A.D.3d 518, 519 (2d Dep't 2005) (stating that consolidating 47 no-fault benefits claims "would prove unwieldy and confuse the trier of fact"). Generally, "no-fault benefit claims may not be consolidated unless the facts and circumstances arise from a common accident." *Urban Radiology*, 28 Misc. 3d 1230(A), at *2. We thus cannot be confident that an attempt to consolidate over 600 proceedings would

succeed. We see no need for GEICO to be forced to venture down this path.[8]

Finally, we reject, too, Defendants' argument that the district court abused its discretion in entering a stay on the ground that the district court cannot offer "full adjudication" of their own claims for reimbursement. Appellant's Br. 25–26. The district court, Defendants say, "ignore[d]" that it would lack jurisdiction over their claims and be without power to issue monetary judgment in their favor if it determined they were so entitled. *Id.* at 26. Defendants ignore, however, that the district court is likely authorized by 28 U.S.C. § 1367(a) to exercise supplemental jurisdiction over their claims, which may be seen as forming part of the same "case or controversy" as GEICO's claims. So Defendants' choice to file their benefits claims in state court rather than seeking to assert them as counterclaims in this action needlessly generates the logistical difficulty they complain of. Moreover, if Defendants' claims against GEICO have merit, they will ultimately be able to recover fully notwithstanding the stay. Thus, entering a stay would

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[8] Defendants also advance a related claim: consolidation is unnecessary for an insurer to obtain broad discovery, they argue, since New York courts may permit extensive discovery in fraud cases. Appellant's Br. at 40. This argument suffers from the same flaw: decisions regarding the scope of discovery are discretionary in New York courts. *See Lexington Acupuncture, P.C. v. Gen. Assur. Co.*, 35 Misc. 3d 42, 43–44 (2d Dep't 2012) (noting discretionary nature of decision). GEICO need not rely on discretionary rulings to mitigate the serious risks posed by the collections actions.

mean at worst that any financial recovery to which Defendants are entitled may be delayed, not defeated.[9]

We decide, then, that GEICO "sufficiently alleges that the massive fraudulent scheme here becomes apparent only when the claims are analyzed altogether." *State Farm*, 120 F.4th at 80. The risks created by disaggregating the scheme into individual actions—both financial and of concealment—amount to allowing irreparable harm to GEICO if the actions are permitted to proceed. We therefore discern no error of fact or of law in the district court's conclusion that GEICO satisfied the irreparable harm requirement.

2. "Serious questions going to the merits"

In arguing that GEICO did not meet the serious-questions standard, Defendants' sole contention is that GEICO failed to sufficiently support its factual allegations regarding their fraudulent scheme. Since

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[9] Defendants also overlook the clear risk of harm to GEICO if GEICO were to succeed in proving in district court that Defendants are in fact ineligible to receive payment on their claims. As GEICO points out, the monetary relief it seeks in the district court is for payments it has *already* made on Defendants' claims; it does not include payments on the claims underlying the pending collections actions. If forced to make payments on those still-pending claims while the federal action is ongoing, GEICO risks an inability (should it prevail) to recover those additional payments. Thus, as GEICO persuasively describes, it could "be left with a hollow declaratory judgment" from the district court after all the pending collections actions have concluded. Appellees' Br. at 40.

Defendants point to nothing in the district court record demonstrating that they advanced any challenge to the adequacy of GEICO's complaint and exhibits in support of its motion for a preliminary injunction, they have forfeited this argument. *See Katel Ltd. Liab. Co. v. AT&T Corp.*, 607 F.3d 60, 68 (2d Cir. 2010) ("An argument raised for the first time on appeal is typically forfeited.").

Even if the argument were not forfeited, it has no merit. The serious-questions standard is designed to provide "flexibility in the face of varying factual scenarios and the greater uncertainties inherent at the outset of particularly complex litigation." *Citigroup Glob. Mkts., Inc.*, 598 F.3d at 35. For this reason, "courts applying the 'serious questions' standard have the discretion to rely on the pleadings and accompanying affidavits . . . to resolve preliminary injunction motions." *State Farm*, 120 F.4th at 83. The district court did not err in concluding that GEICO's allegations and evidentiary submissions satisfied this flexible standard.

Again, our decision in *State Farm* all but resolves this question, for the schemes alleged and evidence provided are substantially identical. As did the plaintiff insurer in *State Farm*, GEICO sufficiently alleges a complex fraudulent scheme and provides details and documentary evidence to support its allegations. GEICO's complaint describes with specificity the "history and operation" of Defendants' four clinics. *See State Farm,* 120 F.4th at 84. It outlines the "predetermined treatment protocols utilized at the gatekeeper clinics and unnecessary medical care further provided to patients, including

the precise medical procedures, devices, and treatments rendered." *Id.* It explains how Defendants worked with unauthorized third parties and entered into financial relationships in exchange for patient referrals, all allegedly in violation of state law. To support its allegations and request for interim relief, GEICO "attached an affidavit and exhibits . . . detailing the number of pending arbitrations and state-court proceedings that Defendants had filed." *Id.* It identifies specific billing codes used by Defendants to artificially inflate the amount they could recover and provides documents demonstrating claims submitted under those billing codes. It also describes testimony given by Dr. Patel in deposition that raised serious questions about the legitimacy of Defendants' business operations. On these facts, we have no trouble concluding that GEICO satisfied the "flexible approach" of the serious-questions standard. *Citigroup Glob. Mkts., Inc.,* 598 F.3d at 37.

3. Balance of hardships

As we have explained, when a preliminary injunction is sought based on a "serious question[] going to the merits" of a case (rather than likelihood of success on the merits), the movant must further demonstrate that "the balance of hardships tips decidedly in its favor." *State Farm*, 120 F.4th at 83–84. This factor requires the district court to "balance the competing claims of injury" and "consider the effect on each party of the granting or withholding of the requested relief." *Yang v. Kosinski*, 960 F.3d 119, 135 (2d Cir. 2020) (quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008)). The harms to be considered

are those that "(a) occur[] to the parties' legal interests and (b) cannot be remedied after a final adjudication, whether by damages or a permanent injunction." *State Farm*, 120 F.4th at 85.

The district court determined that, if the expedited state court collections actions were to be stayed, Defendants would at the worst suffer from delayed recovery of payment. *Patel*, 2024 WL 84139, at *10. But if the federal court action is meritorious and the state court actions not stayed, the court reasoned, GEICO would suffer the irreparable harm described above. *Id.* ("[I]f GEICO prevails, money damages will be inadequate to remedy the Plaintiffs' time and losses, and because of the risk of inconsistent outcomes."). Weighing these relative hardships, the court concluded that the balance tipped decidedly in GEICO's favor.

Defendants urge that in this the district court erred: GEICO has not yet made any payment for the disputed claims, they point out, whereas they, the medical care providers, have already incurred expenses and now simply seek "to recoup [their] losses." Appellants' Br. at 44. We do not find this argument persuasive. While it may be true that Defendants would face some hardship from the grant of a stay, we have already explained that the only harm they could suffer would be financial: a delay in securing reimbursement for the benefits to which they assert they are entitled. Defendants do not seriously claim that they would not eventually receive payment on their meritorious claims. Any harm Defendants incur, then, could "be remedied by monetary damages should they later prevail." *State Farm*, 120 F.4th at 85.

Nor do we agree with Defendants that, in weighing the competing hardships, the district court did not adequately consider "the danger [to the Defendants] of 'policy exhaustion,'" Appellants' Br. at 44—that is, the possibility that Defendants could be harmed if the coverage provided by relevant insurance policies became exhausted during the pendency of the suit. Because the no-fault system caps payable no-fault benefits at $50,000 per claimant, Defendants hypothesize, individual claimants insured by GEICO could top out, preventing Defendants from later collecting on some subset of claims after the stay is lifted. As the district court observed, however, Defendants make no effort to show that any specific policies are at risk of exhaustion or specific claims at risk of becoming uncollectable. *Patel*, 2024 WL 84139, at *10 ("Defendants do not identify any claims that might actually be rendered uncollectable, or any reason why [they] could not collect on their claims from other payors should a hypothetical policy be exhausted."). We therefore find no merit in their argument that the district court's analysis was flawed.

4. Public interest

Finally, turning to the last factor, "whether the preliminary injunction is in the public interest" in view of the consequences of granting injunctive relief, *State Farm*, 120 F.4th at 85, we conclude that it is.

The no-fault insurance system, as we have described, is designed "to reduce the burden on the courts and to provide substantial premium savings to New York motorists." *Mun*, 751 F.3d at 99. Fraud on

the no-fault system "serves to undermine and damage the integrity of the . . . system, which was created as a social reparations system for the benefit of consumers." *Id.* at 100. Safeguarding the integrity of that system by "detecting and preventing insurance fraud" is therefore strongly in the public interest. *State Farm*, 120 F.4th at 85.

Insurers, by virtue of their central role in the system, are "uniquely positioned to combat the depletion of public resources caused by fraudulent claims for No-Fault benefits." *Id.* Accordingly, the public interest in detecting and preventing insurance fraud is undermined when insurers, alleging fraud, must defend "thousands of arbitrations and state-court proceedings for reimbursement of individual claims . . . into which complex fraud and RICO claims cannot be shoehorned." *Id.* at 85-86 (internal citation and quotation marks omitted and alterations adopted). Preserving GEICO's "ability to prove its allegations of a complex fraudulent scheme involving insurance benefits," which would be significantly impaired absent a stay of state court proceedings, is thus indisputably in the public interest. *Id.* at 86.

The methodical fraudulent scheme alleged here, if proven, would also have worked many ancillary violations of state law, including the provision of medical treatment by unlicensed technicians and the payment of kickbacks for referrals—all actions in conflict with the public interest. *See, e.g.*, N.Y. Educ. Law § 6530(11) (prohibiting unlicensed persons from performing activities requiring a license), 6530(18) (prohibiting kickbacks for referrals). Furthermore, the scheme as alleged by GEICO involves deliberately

bogging down scarce judicial resources in service of the fraud. Preventing those harms, too, is in the public interest.

* * *

For these reasons, we identify no error of fact or of law in the district court's conclusion that GEICO was entitled to a preliminary injunction staying the pending state-court and arbitration collections proceedings brought by Defendants.

B. The Anti-Injunction Act

Federal courts have long been authorized by statute to "issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law." 28 U.S.C. § 1651(a). This, the All Writs Act, passed in 1789, empowers federal courts to enjoin state-court proceedings when doing so is necessary "to prevent third parties from thwarting [a] court's ability to reach and resolve the merits of the federal suit before it." *In re Baldwin-United Corp.*, 770 F.2d 328, 338–39 (2d Cir. 1985).

The broad authority conferred by the All Writs Act is limited, however, by another venerable statute: the Anti-Injunction Act. 28 U.S.C. § 2283. First enacted in 1793, the Anti-Injunction Act reflects a "core message . . . of respect for state courts." *Smith v. Bayer Corp.*, 564 U.S. 299, 306 (2011). It "broadly commands that those tribunals shall remain free from interference by federal courts." *Id.* (internal citation and quotation marks omitted). The Anti-Injunction Act thus proscribes federal court interference with state-court

proceedings. Its proscription is subject, however, to three narrow exceptions: where such an injunction is: (1) "expressly authorized by Act of Congress"; (2) "necessary in aid of its jurisdiction"; or (3) necessary "to protect or effectuate its judgments." 28 U.S.C. § 2283. A district court's application of the Anti- Injunction Act presents a question of law that we review *de novo*. *State Farm*, 120 F.4th at 92.

The district court here concluded that the Anti-Injunction Act's "in-aid-of- jurisdiction" exception permitted it to enter a stay of the pending state court collections actions. *Patel*, 2024 WL 84139, at *12–13.[10] It reasoned that, in view of the "over 600 pending state actions, all of which are connected to the federal action" and might "conflict with the declaratory judgment," new state court judgments in actions brought by Defendants could not "'peaceably coexist'" with the district court's judgment. *Id. a*t *13 (quoting *United States v. Schurkman*, 728 F.3d 129, 139 (2d Cir. 2013)).

Defendants take issue with the court's reliance on this exception, whose use it characterizes as "very rare" and available only in "extraordinary circumstances" that it claims are not present here. Appellants' Br. at 48–49. GEICO, on the other hand, contends not only that the in-aid-of-jurisdiction exception is satisfied, but also that the district court's action is permissible under the exception for matters "expressly authorized by Act of Congress," arguing

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[10] Defendants do not contend that the Anti-Injunction Act applies either to the pending arbitration proceedings or to any as-yet unfiled state court collection cases.

that RICO "expressly authorizes" federal courts to stay certain state court proceedings, such as those at issue here. Appellees' Br. at 58–59; *see* 18 U.S.C. § 1964(a) ("The district courts . . . shall have jurisdiction to prevent and restrain violations . . . of this chapter by issuing appropriate orders[.]").

In light of our decision in *State Farm*, we need not address further the applicability of the Anti-Injunction Act's in-aid-of-jurisdiction exception. In *State Farm*, we held that in a parallel case involving "hundreds of purportedly meritless state-court proceedings that help further a RICO violation," 120 F.4th at 99, a preliminary injunction of those proceedings is authorized by RICO and so "falls within the 'expressly-authorized' exception" to the Anti-Injunction Act, *id.* at 98. For purposes of Anti-Injunction Act analysis, we perceive no material distinction between the facts and claims presented in *State Farm* and those found here, and Defendants identify none. Accordingly, *State Farm* dictates our response to Defendants' argument. The district court did not violate the Anti-Injunction Act by entering the injunctive relief requested by GEICO.

CONCLUSION

We have considered Defendants' remaining arguments and conclude that they are without merit. Accordingly, we **AFFIRM** the order of the district court

PARK, *Circuit Judge*, concurring:

I agree with the majority that this case is controlled by *State Farm Mutual Automobile Insurance Co. v. Tri-Borough NY Medical Practice P.C.*, 120 F.4th 59 (2d Cir. 2024). But that decision misinterpreted the Anti-Injunction Act ("AIA") and should be applied narrowly. Federal courts "may not grant an injunction to stay proceedings in a State court except as *expressly authorized* by Act of Congress." 28 U.S.C. § 2283 (emphasis added). Under this narrow exception, a statute may allow a federal court to enjoin a state-court proceeding that "in and of itself" violates the statute. *Vendo Co. v. Lektro-Vend Corp.*, 433 U.S. 623, 645 (1977) (Blackmun, J., concurring). But *State Farm* did not conclude that the state-court suits at issue were themselves predicate acts under RICO, so the AIA should have barred the federal court from enjoining them. *See* 120 F.4th at 98 n.14.

I

A

"[F]rom the beginning we have had in this country two essentially separate legal systems"—state and federal courts. *Atl. Coast Line R.R. Co. v. Bhd. of Locomotive Eng'rs*, 398 U.S. 281, 286 (1970). For adjudicating federal claims, the "rank and authority of [those] courts are equal." *Kline v. Burke Constr. Co.*, 260 U.S. 226, 235 (1922). In fact, lower federal courts did not have general jurisdiction over federal questions until 1875. So for much of our

country's history, we "relied on the adequacy of the state judicial systems to enforce federal rights." *Amalgamated Clothing Workers of Am. v. Richman Bros.*, 348 U.S. 511, 518 (1955).

The AIA "is a necessary concomitant of [this] dual system of federal and state courts." *Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140, 146 (1988). Enacted in 1793, it generally prohibits federal injunctions of pending state-court cases, including when state proceedings "interfere with a protected federal right." *Atl. Coast Line*, 398 U.S. at 294. Otherwise, "[l]itigants who foresaw the possibility of more favorable treatment in [federal court] would predictably hasten" to enjoin parallel state proceedings. *Id.* at 286. Such "intrusion of federal authority into the orderly functioning of a state's judicial process," *Toucey v. N.Y. Life Ins. Co.*, 314 U.S. 118, 135 (1941), would be inconsistent with the "well-established rule" that state and federal courts "are of equal rank," *Kline*, 260 U.S. at 235.

B

There is an exception to the AIA's broad prohibition for injunctions that are "expressly authorized" by Congress. 28 U.S.C. § 2283. For example, the removal statute provides that after a case is removed, "the State court shall proceed no further." *Id.* § 1446(d). And 42 U.S.C. § 1983 prohibits unlawful official conduct, including the use of state-court proceedings to enforce unconstitutional state laws. *See Mitchum v. Foster*, 407 U.S. 225, 242 (1972).

In these instances, the federal statute can "be given its intended scope only by the stay of a state court proceeding." *Id.* at 238. This is a "narrow" exception. *Smith v. Bayer Corp.*, 564 U.S. 299, 306 (2011) (quotation marks omitted). Over the 230-year history of the AIA, the Supreme Court has held that only eight statutes provide an express authorization. Each statute prohibited the continuation of state proceedings—either on its face or because the state proceeding itself violated federal law.[1]

But there is no express authorization when a statute does not explicitly authorize injunctions and the state-court suit does not violate that statute. That was the Court's conclusion in *Amalgamated Clothing*

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[1] The federal removal statutes, the Limitation of Liability Act, the Interpleader Act, the Frazier-Lemke Farm-Mortgage Act, and the Federal Habeas Corpus Act all explicitly prohibited certain state-court suits from proceeding. *See Mitchum*, 407 U.S. at 234-35 & nn.12-16. The Emergency Price Control Act permitted "a federal district court to enjoin acts that violated or threatened to violate the Act," which was "broad enough to justify an injunction to restrain state court proceedings." *Id.* at 235 n.17. "The very purpose of § 1983 was to interpose the federal courts between the States and the people . . . to protect the people from unconstitutional action under color of state law, whether that action be executive, legislative, or judicial." *Id.* at 242 (quotation marks omitted). Finally, the Clayton Act allowed injunctions of state proceedings when "those proceedings are themselves part of a pattern of baseless, repetitive claims that are being used as an anticompetitive device" in violation of federal antitrust law. *Vendo*, 433 U.S. at 644 (Blackmun, J., concurring) (quotation marks omitted).

Workers, where a union asked a federal court to enjoin a state- court labor dispute because the Taft-Hartley Act removed state-court jurisdiction over the dispute. *See* 348 U.S. at 513. The Taft-Harley Act did not explicitly authorize an injunction and the "employer's use of the judicial process of the State [did] not amount to an unfair labor practice," so no injunction could be issued. *Id.* at 516-17. The union's argument that a state-court *decision* would "dislocate[] the federal scheme" did not change that result. *Id.* at 517.

II

In *State Farm*, this Court held that RICO expressly authorizes an injunction of state proceedings that are "a pattern of baseless, repetitive claims that are being used to further a [RICO] violation." 120 F.4th at 97 (cleaned up). That holding misinterpreted the AIA and misread Supreme Court precedent.

A

Like this case, *State Farm* involved litigation arising out of New York's no-fault car insurance system. *See* N.Y. Ins. Law §§ 5101–5109. Under that system, insurers must compensate accident victims regardless of fault. *See Gov't Emps. Ins. Co. v. Mayzenberg*, --- N.E.3d ---, 2025 WL 3259882, at *1 (N.Y. Nov. 24, 2025). Victims often assign their insurance benefits to health-care providers, who then submit claims for reimbursement to the victim's insurer. The insurer can deny a claim only for

narrow reasons, including if the underlying services are medically unnecessary. *Id.* at *5.[2]

In *State Farm*, a group of health-care providers filed 480 state- court benefits suits, alleging that State Farm Mutual Automobile Insurance Company ("State Farm") failed to pay their claims. 120 F.4th at 74. But State Farm alleged that the providers were engaged in a "massive fraudulent scheme." *Id.* at 80. It sued in federal court and argued that RICO "expressly authorized" an injunction of the state proceedings. Even though the state suits were not themselves RICO violations, they "help[ed] to perpetuate and monetize a RICO violation." *Id.* at 91.[3] Each new lawsuit risked giving the health-care providers more funds to attract new patients, to

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[2] Insurers can also deny claims if (1) the health-care provider "fails to meet any applicable New York State or local licensing requirement" or (2) the provider "effectively ceded control of their professional services corporation to unlicensed individuals." *Mayzenberg*, 2025 WL 3259882, at *2, 6 (cleaned up).

[3] *See State Farm*, 120 F.4th at 98 n.14 ("State Farm does not appear to contend that the state-court proceedings here are predicate acts under 18 U.S.C. § 1961(1), but instead that they help further the RICO violation, which consists of a pattern of racketeering activity under the mail fraud statute through other fraudulent activities alleged in the complaint. In other words, the issue is not whether the state-court proceedings are *themselves* predicate acts, but rather that they are allegedly designed to perpetuate and monetize the RICO scheme.").

administer more unnecessary care, and to continue their cycle of fraud.

State Farm had several options. It could have defended the 480 cases by arguing the medical care was unnecessary under state law or raised its RICO claim as a counterclaim. *See Tafflin v. Levitt*, 493 U.S. 455, 467 (1990) (state courts have concurrent jurisdiction over civil RICO claims). It also could have paid the claims and then sought "damages or assert[ed] a claim for unjust enrichment." *Mayzenberg*, 2025 WL 3259882, at *5. Finally, State Farm could have reported the medical providers' fraud to New York State, as state law required. *See id.* (citing N.Y. Ins. Law § 5108(c)). This may have resulted in the termination of the state-court suits because the "no-fault statute empowers the State" to "prohibit the [fraudulent] provider from demanding or requesting payment for medical services." *Id.* (quotation marks omitted).

State Farm did none of these things. Instead, it sought a federal injunction, arguing that it would be ineffective to litigate in state court, where procedural rules "obscure[d] the fraud." *State Farm*, 120 F.4th at 74. State Farm claimed it could not prove the fraudulent scheme in state court because New York law made it difficult to consolidate cases and the fraud would become "apparent only when the claims are analyzed altogether." *Id.* at 80.[4]

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[4] *State Farm* and the majority adopt that logic in concluding that insurers will suffer "irreparable harm" without an injunction and thus meet the preliminary injunction standard. *See State Farm*, 120 F.4th at 80; *ante* at 15 (GEICO will suffer irreparable

B

This Court should have concluded that the AIA prohibited the injunction that State Farm sought. The "expressly authorized" exception to the AIA is inapplicable when a federal statute does not prohibit a state case from proceeding. Unlike all of the statutes that the Supreme Court has held "expressly authorize" an injunction, State Farm did not claim that RICO prohibited the state-court suits. *See State Farm*, 120 F.4th at 98 n.14.

Instead, State Farm argued that state courts would reach incorrect *decisions* that would "further [a] RICO violation." *Id.* at 98. Its argument resembled the

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harm if it is "unable to successfully assert its global fraud defense" in state-court and arbitration proceedings). But that reasoning is undermined by the New York Court of Appeals's decision in *Mayzenberg*, which clarified that "an insurer may not deny a provider's claim for reimbursement based on alleged professional misconduct." 2025 WL 3259882, at *3. "Professional misconduct" includes the conduct that GEICO alleges was the fraudulent scheme here—*i.e.*, "[p]racticing the profession fraudulently," "[p]ermitting, aiding or abetting an unlicensed person to perform activities requiring a license," giving "any fee or other consideration to or from a third party for the referral of a patient," and "[f]ailing to exercise appropriate supervision over persons who are authorized to practice only under the supervision of the licensee." N.Y. Educ. Law § 6530(2), (11), (18), (33); *see* Joint App'x at 23-24 (GEICO's fraud allegations). So a "global fraud defense," *ante* at 15, is not available to insurers, and they suffer no "irreparable harm" if they cannot assert that defense under state law.

union's in *Amalgamated Clothing Workers*. Just as the union claimed that state courts would reach a decision contrary to the Taft-Hartley Act, State Farm argued that "state courts are unlikely to even recognize the alleged massive RICO scheme" and thus would reach decisions contrary to RICO. *Id.* In both cases, the "assumption upon which the argument [for an injunction] proceeds is that federal rights will not be adequately protected in the state courts." *Amalgamated Clothing Workers*, 348 U.S. at 518.

But that assumption contradicts the AIA's "core message . . . of respect for state courts." *Smith*, 564 U.S. at 306. Unless Congress prohibits the state proceedings from continuing, we must have "confidence in the state courts" and their decisions. *Amalgamated Clothing Workers*, 348 U.S. at 518.

C

State Farm misread *Vendo Co. v. Lektro-Vend Corp.*, 433 U.S. 623 (1977), when it held that RICO "expressly authorized" an injunction. In *Vendo*, a state court ruled that Lektro-Vend had violated noncompete agreements. *See id.* at 627 n.2. But Lektro-Vend claimed that the agreements were unreasonable restraints of trade that violated the Clayton Act, so it asked a federal court to enjoin the state- court judgment, arguing that the Clayton Act "expressly authorized" an injunction. *Id.* at 627, 630.

The controlling decision was Justice Blackmun's concurrence, which concluded that the Clayton Act "expressly authorize[s]" injunctions "under narrowly limited circumstances." *Id.* at 643-44 (Blackmun, J., concurring). He explained that, "consistent[] with the

decision in *California Motor Transport Co. v. Trucking Unlimited*, . . . no injunction may issue against currently pending state-court proceedings unless those proceedings are themselves part of a 'pattern of baseless, repetitive claims' that are being used as an anticompetitive device." *Id.* at 644 (citation omitted). Justice Blackmun concluded that the Clayton Act did not authorize an injunction in *Vendo* because Vendo was not using "the state-court proceeding as an anticompetitive device in and of itself." *Id.* at 645.

California Motor Transport had held that a "pattern of baseless, repetitive claims" can constitute a conspiracy to restrain trade under the Clayton Act. 404 U.S. 508, 513 (1972).[5] So by concluding that the Clayton Act authorizes an injunction only when state proceedings are "part of a pattern of baseless, repetitive claims," Justice Blackmun was saying that the Clayton Act authorizes an injunction only when a series of state proceedings "in and of itself" violates the Clayton Act. *Vendo*, 433 U.S. at 644-45 (Blackmun, J., concurring) (quotation marks omitted). That holding tracks the Supreme Court's precedents that a statute must prohibit the continuation of state proceedings to "expressly authorize" an injunction.

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[5] That holding was an exception to the rule that "[t]hose who petition government for redress are generally immune from antitrust liability." *Pro. Real Est. Invs., Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 56 (1993). A "pattern of baseless, repetitive" claims is thus an antitrust-specific term referring to "sham" judicial proceedings that may themselves violate the antitrust laws. *Id.* at 57-59.

State Farm misread the words "pattern of baseless, repetitive claims." Overlooking the special significance of that phrase in antitrust law, *State Farm* interpreted Justice Blackmun's concurrence to hold that the "expressly authorized" exception applies when "a pattern of baseless, repetitive claims . . . further[s] a violation of a federal statute." 120 F.4th at 94 (quotation marks omitted). So it authorized the injunction of 480 state-court suits as a "pattern of baseless, repetitive claims" furthering an alleged RICO violation. *Id.* at 98. That holding departed from the well-established rule that a federal statute must prohibit the continuation of state proceedings to "expressly authorize" an injunction.

III

Although *State Farm* controls this case, it should be read narrowly. First, *State Farm* described itself as "limited to the unusual circumstances [of] a massive scheme including hundreds of purportedly meritless state-court proceedings that help further a RICO violation." 120 F.4th at 99; *see also id.* at 97 ("[T]he narrow path carved by *Vendo* applies only in rare circumstances."). So it does not suggest that any federal statute may authorize injunctions of "baseless, repetitive claims." It remains open whether statutes other than RICO authorize injunctions of a "pattern of baseless, repetitive claims," or whether RICO itself authorizes an injunction when a pattern of claims does not involve hundreds of cases. [6]

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[6] Recently, some courts have read *State Farm* as "enabling district courts to enjoin ongoing state-court collections proceedings." *Gov't Emps. Ins. Co. v. Akiva Imaging Inc.*, No.

Second, *State Farm* does "not question or qualify in any way the principles of equity, comity, and federalism that must restrain a federal court when asked to enjoin a state court proceeding." *Mitchum*, 407 U.S. at 243. Courts should not act in the "absence of the factors necessary under equitable principles to justify federal intervention." *Younger v. Harris*, 401 U.S. 37, 54 (1971).

The recent decision of the New York Court of Appeals in *Mayzenberg* makes clear that equitable principles militate against state-court injunctions in cases like this one. *Mayzenberg* explained that the judicial process is not insurers' primary recourse when they receive fraudulent no-fault claims. *See* 2025 WL 3259882, at *5. New York's legislature has enacted a "carefully crafted statutory framework" that vests authority for "guilt and adequate punishment for professional misconduct," including fraud, in the State's Board of Regents. *Id.* at *6. It "requires every insurer to report" fraudulent conduct to the State and empowers the State to "prohibit the provider from demanding or requesting payment for medical services." *Id.* at *5 (quotation marks omitted). The statute's purpose is to ensure that insurers cannot "delay and deny no-fault payments" without the State's intervention. *Id.* at *6.

Enjoining state proceedings when insurers—including GEICO here—have not sought recourse from the State violates the principles of federalism and comity. *See Mitchum*, 407 U.S. at 243. Federal courts

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1:24-CV-6549, 2025 WL 1434297, at *2 (E.D.N.Y. May 19, 2025). *State Farm* did not reach that broad conclusion.

should "seek to avoid needless conflict with state agencies and withhold relief by way of injunction where state remedies are available and adequate." *Cap. Serv. v. NLRB*, 347 U.S. 501, 504 (1954).

IV

I concur in the judgment because we are bound by our decision in *State Farm*. But *State Farm*'s analysis of the "expressly authorized" exception to the AIA departed from Supreme Court precedent and should be read narrowly.

APPENDIX B – MEMORANDUM AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK, DATED JANUARY 8, 2024

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

GOVERNMENT EMPLOYEES INSURANCE COMPANY, GEICO INDEMNITY COMPANY, GEICO GENERAL INSURANCE COMPANY and GEICO CASUALTY COMPANY;

Plaintiffs,

-against-

BHARGAV PATEL, M.D., PATEL MEDICAL CARE, P.C., and JOHN DOE DEFENDANTS "1"-"10";

Defendants.

MEMORANDUM AND ORDER
23-CV-2835 (KAM) (PK)

KIYO A. MATSUMOTO, United States District Judge:

Plaintiffs Government Employees Insurance Company, GEICO Indemnity Company, GEICO General Insurance Company, and GEICO Casualty Company (together, "Plaintiffs" or "GEICO")

commenced this action on April 17, 2023, against Dr. Bhargav Patel ("Patel"), Patel Medical Care, P.C. ("Patel Medical"), and John Doe Defendants Nos. 1-10 (collectively, "Defendants"), seeking declaratory relief and RICO and common law damages, alleging that Defendants submitted thousands of fraudulent No-Fault insurance charges relating to "medically unnecessary, experimental, excessive, illusory, and otherwise unreimbursable healthcare services." (ECF No. 1, Complaint ("Compl.").) On December 22, 2023, GEICO moved for injunctive relief, seeking: (1) a stay of all collection arbitrations arising under New York's No-Fault insurance laws that are pending before the American Arbitration Association ("AAA") and of all insurance collection lawsuits in state court brought by Defendants against GEICO pending disposition of this federal action; and (2) a preliminary injunction prohibiting Patel Medical, and anyone acting or purporting to act on its behalf, from commencing any new No-Fault collection arbitrations or state collection lawsuits against GEICO pending disposition of this federal action. (ECF No. 24-1, Memorandum of Law in Support of Plaintiffs' Motion ("Pl. Mem."), at 1.) For the reasons set forth below, Plaintiffs' motion for injunctive relief is granted, and bond is waived.

BACKGROUND

I. New York's No-Fault Insurance Laws

New York enacted the Comprehensive Automobile Insurance Reparations Act, New York

Insurance Law ("N.Y. Ins. Law") §§ 5101– 5109, to "ensure prompt compensation for losses incurred by accident victims without regard to fault or negligence, to reduce the burden on the courts and to provide substantial premium savings to New York motorists." *Med. Soc'y of State of N.Y. v. Serio*, 800 N.E.2d 728, 731 (N.Y. 2003) (citing Governor's Mem. approving L. 1973, ch. 13, 1973 McKinney's Session Laws of N.Y., at 2335). Under those No-Fault insurance laws, No-Fault insurers like GEICO may reimburse patients without requiring proof of the other driver's fault in an amount up to $50,000, including for expenses incurred for necessary medical or other professional health services. *See* N.Y. Ins. Law § 5102(a)(1), (b).

Insurers must review, investigate, and verify an insured's claim for benefits and then pay or deny the claim within 30 days after submission. *See* N.Y. Ins. Law § 5106(a); 11 N.Y. Comp. Codes R. & Regs. ("NYCRR") § 65-3.8(a), (c). In certain circumstances, an insured may also assign his or her benefits "directly to providers of health care services" so that the provider may receive direct payment from the insurer. 11 NYCRR § 65-3.11(a). To be eligible to make a claim for benefits, a healthcare provider must be lawfully incorporated and, *inter alia*, "(1) must be owned by a physician who actually engages in the practice of medicine through that corporation, (2) may not bill for services provided by physicians who are not employees of the corporation, such as independent contractors, and (3) may not pay kickbacks to third parties for the referral of insureds." *Gov't Emps. Ins. Co. v. Mayzenberg*, No. 17-CV-2802 (ILG), 2018 WL

6031156, at *2 (E.D.N.Y. Nov. 16, 2018) (internal citations omitted); *see also Gov't Emps. Ins. Co. v. Badia*, No. 13-CV-1720 (CBA), 2015 WL 1258218, at *8–9 (E.D.N.Y. Mar. 18, 2015).

Section 5106 of the New York Insurance Law creates a "[f]air claims settlement" procedure for all No-Fault claims. No-Fault insurance benefits are deemed overdue if they are not paid or denied within 30 calendar days after the insured submits a proof of claim. *See* N.Y. Ins. L. § 5106(a); 11 NYCRR § 65-3.8(c). If an insurer fails to comply with this timeframe, it is precluded from asserting many (but not all) defenses to coverage, including most fraud-based defenses. *See Fair Price Med. Supply Corp. v. Travelers Indem. Co.*, 890 N.E.2d 233, 236 (N.Y. 2008); *Cent. Gen. Hosp. v. Chubb Grp. of Ins. Cos.*, 681 N.E.2d 413, 415 (N.Y. 1997). A claimant may bring a civil collection action in state court to recover overdue No-Fault benefits, and in that action the claimant need only show that the prescribed statutory billing forms were mailed and received and that the claimed benefits are overdue. *See Viviane Etienne Med. Care, P.C. v. Country-Wide Ins. Co.*, 35 N.E.3d 451, 458 (N.Y. 2015).

Insurers must also include a clause in their policies allowing the insured to seek arbitration of their claims for No-Fault benefits. *See* N.Y. Ins. L. § 5106(b); 11 NYCRR § 65-1.1(a), (d). New York's No-Fault insurance laws establish the procedures for arbitration of any disputed claims. *See* 11 NYCRR § 65–4.5. By statute, the New York Department of Financial Services Superintendent has designated AAA as the body responsible for administering the

No-Fault arbitration process. *Id.* § 65- 4.2(a)(2). Insurers generally bear the costs associated with the arbitration process in direct proportion to the frequency with which they are named as respondents. *Id.* § 65-4.2(c)(1). The "arbitration process for No-Fault coverage is an expedited, simplified affair meant to work as quickly and efficiently as possible" where "[d]iscovery is limited or non-existent." *Allstate Ins. Co. v. Mun*, 751 F.3d 94, 99 (2d Cir. 2014) (citing 11 NYCRR § 65-4.5). "Complex fraud and racketeering claims, maturing years after the initial claimants were fully reimbursed, cannot be shoehorned into this system." *Id.*

An insurer who pays No-Fault benefits and subsequently discovers fraud may bring an action for damages. *See State Farm Mut. Auto. Ins. Co. v. James M. Liguori, M.D., P.C.*, 589 F. Supp. 2d 221, 229-35 (E.D.N.Y. 2008); *State Farm Mut. Auto. Ins. Co. v. CPT Med. Servs., P.C.*, No. 04-CV-5045 (ILG), 2008 WL 4146190, at *6-7 (E.D.N.Y. Sept. 5, 2008). Where the insurer has not paid, the insurer may bring an action for a declaratory judgment that it is not liable for any unpaid claims because the provider has committed fraud or breached applicable No-Fault regulations. *See* 28 U.S.C. § 2201; *Gov't Emps. Ins. Co. v. Jacques*, No. 14-CV-5299 (KAM) (VMS), 2017 WL 9487191, at *9-11 (E.D.N.Y. Feb. 13, 2017), *report & recommendation adopted*, 2017 WL 1214460 (E.D.N.Y. Mar. 31, 2017); *State Farm Mut. Auto. Ins. Co. v. Cohan*, No. 09-CV-2990 (JS) (WDW), 2009 WL 10449036, at *4 (E.D.N.Y. Dec. 30, 2009), *report and recommendation adopted*, 2010 WL 890975 (E.D.N.Y. Mar. 8, 2010), *aff'd*, 409 F. App'x 453 (2d Cir. 2011).

If an insurer is precluded from asserting a defense to coverage (such as provider fraud) due to its noncompliance with the 30-day rule, however, it will also be precluded from obtaining a declaratory judgment on those same grounds. *See Allstate Ins. Co. v. Williams*, No. 13- CV-2893 (RJD) (JO), 2015 WL 5560543, at *7 (E.D.N.Y. Aug. 28, 2015), *report and recommendation adopted sub nom. Allstate Ins. Co. v. Dublin*, 2015 WL 5560546 (E.D.N.Y. Sept. 21, 2015); *Gov't Emps. Ins. Co. v. AMD Chiropractic, P.C.*, No. 12–CV–4295 (NG), 2013 WL 5131057, at *8 (E.D.N.Y. Sept. 12, 2013).

II. GEICO's Allegations

GEICO is authorized to conduct business and issue automobile insurance policies in the State of New York. (Compl. ¶ 10.) Patel is a New York citizen who was licensed to practice medicine in New York on July 3, 2015, and is the owner of Patel Medical. (*Id.* ¶ 11.) Patel Medical is a New York professional corporation which was incorporated on or about July 19, 2019, with a principal place of business in New York. (*Id.* ¶ 12.)

Plaintiffs allege that, since August 2019, Patel and Patel Medical, with the aid of the John Doe Defendants, submitted more than $3.4 million in fraudulent bills to GEICO for services that were not medically necessary (and in some cases, not provided), as part of a scheme designed to exploit New York's No-Fault insurance laws. (*Id.* ¶¶ 1-5, 35, 279-284.) Those insurance charges were allegedly "medically unnecessary, experimental, excessive, illusory, and otherwise unreimbursable." (*Id.* ¶ 1.) Defendants allegedly perpetrated the fraudulent scheme by (1)

submitting claims with forged signatures in situations where no services were provided; (2) representing that Patel was the "treating provider" when many of the services were performed by "unlicensed technicians, not Patel, and without any supervision by Patel;" and (3) entering into "illegal kickback and referral arrangements in order to gain access to a steady stream of patients" for the scheme. (*Id.* ¶ 2.)

In support of its claims, GEICO alleges several facts regarding the scheme. For instance, in support of the allegation that Defendants' scheme "included billing for services that were never rendered," GEICO states that "multiple Insureds informed GEICO that they either never received [extracorporeal shockwave therapy "ESWT"] or received treatment far less often than indicated by the billing Patel Medical submitted." (*Id.* ¶ 41.) GEICO also alleges that "Patel Medical's claim submissions routinely contained documents purportedly signed by the Insured at the time they allegedly received treatment when, in fact, the Insured's signature was forged." (*Id.* ¶ 42.) GEICO includes a representative sample of the allegedly forged signatures in its unredacted complaint, and even a review by the untrained eye indicates significant differences – including, in several instances, a reversal of last and first names in the allegedly forged signatures submitted by Patel Medical. (ECF No. 27, Unredacted Complaint at p. 12). GEICO further offers a list of specific instances of alleged forgery for an insured individual with initials "H.V." that includes 20 separate submissions by Patel Medical. (Compl. ¶ 45.)

Appendix B

Regarding the alleged kickback and referral scheme, GEICO states that Patel "did not market the existence of Patel Medical" or his medical services to the general public and "did virtually nothing that would be expected of the owner of a legitimate medical professional corporation to develop its reputation and attract patients to [his] Clinics." (*Id.* ¶¶ 51, 53.) As an example, GEICO points to Patel's Clinic at 85-55 Little Neck Parkway, Floral Park, which GEICO states "is a residential building owned by Patel that he allegedly converted into a medical office in 2020." (*Id.* ¶ 54.) GEICO provided a photograph of the residential building reflecting no signage or advertising "other than a small sign on the door that is not clearly visible from the street." (*Id.*) GEICO alleges that the lack of marketing, parking, signage, or any other legitimate means of generating patients is "[i]n keeping with the fact that Patel and Patel Medical obtained patients at the Floral Park Clinic pursuant to illegal kickback and referral arrangements." (*Id.* ¶ 55.)

Despite the lack of business development, Patel and Patel medical allegedly submitted over $1.2 million in billing to GEICO based on services "purportedly rendered from the Floral Park Clinic alone." (*Id.*) According to GEICO, this was only possible because Patel's kickback and referral scheme ensured that "patients were steered to the Floral Park Clinic by unlicensed individuals, including John Doe Defendants, and transported there directly by [a] transportation company" that was also involved in the scheme. (*Id.* ¶ 58.) GEICO further states that "at least one other healthcare provider at

[Patel's] Clinics has [been] accused of paying illegal kickbacks in exchange for patient referrals." (*Id.* ¶¶ 59-60 (citing *Gov't Employees Ins. Co., et al. v. Fialkov, et al.*, 21-CV-4039 (PKC) (E.D.N.Y.)).)

After the instant action was filed, GEICO alleges that Defendants "began filing hundreds of 'No-Fault' collection proceedings seeking payment for claims denied or disputed by GEICO, as part of the fraudulent scheme and in a conscious effort to undermine the Court's ability to fully adjudicated GEICO's declaratory judgment claim." (Pl. Mem at 2.) Plaintiffs seek to recover more than $711,000 that Defendants obtained from GEICO, a declaration from the Court that GEICO is not legally obligated to reimburse Defendants for over $2,253,000 in pending No-Fault claims that Defendants have submitted, and a preliminary injunction precluding the Defendants from commencing new arbitrations and state collection actions and staying pending collection arbitrations and actions against GEICO. (Compl. ¶¶ 1, 3; Pl. Mem. at 1.) GEICO asserts causes of action based on the Racketeering Influenced and Corrupt Organizations Act ("RICO"), common law fraud, and unjust enrichment. (Compl. ¶¶ 278-312.)

III. Collection Proceedings

In support of its motion, GEICO submitted the declaration of GEICO's Claims Manager Kathleen Asmus that details the process for collecting No-Fault claims through arbitration, the individual AAA arbitrations brought by the Defendants against GEICO, the process for collecting No-Fault claims

within the New York civil courts, and the state collection lawsuits the Defendants are currently prosecuting against GEICO. (ECF No. 24-3, Declaration of Kathleen Asmus ("Asmus Decl.").)

According to Asmus, Defendants are currently prosecuting (i) 2 collection arbitrations against GEICO before the AAA, and (ii) 605 lawsuits against GEICO in various New York civil courts; collectively seeking to recover more than $2,675,000. (Asmus Decl. ¶ 6.) In addition to the bills that are presently subject to state court lawsuits or arbitrations, Defendants have continued to submit bills through Patel Medical to GEICO, each of which could be the subject of a new collection arbitration or lawsuit. (*Id.* ¶ 8.) GEICO seeks to stay these pending arbitrations and state lawsuits and to enjoin Defendants from commencing any new collection arbitrations or state collection actions. (Pl. Mem. at 1.) During the pendency of the instant case, Defendants have continued to pursue collection of individual bills through arbitration and state court proceedings. (Pl. Mem. at 8-9; Asmus Decl. ¶¶ 6-8.)

In support of Plaintiffs' requested relief, Asmus asserts that the procedures and practices in No-Fault arbitration proceedings impose significant limitations on insurers like GEICO. Insurers generally are not permitted to seek or obtain pre-hearing discovery beyond the discrete bill and claim at issue, which hinders an insurer's ability to demonstrate a pattern of medically unnecessary treatment or fraudulent billing practices by a provider across multiple patients and claims. (Asmus Decl. ¶ 16.) Asmus likewise asserts that GEICO's ability to present its

fraud claims in state court proceedings is likewise limited given "the amount in controversy, the limited nature of the billing/healthcare service in dispute in each individual case, and the huge volume of cases pending in the civil court system." (*Id.* ¶ 17.) GEICO argues that the statutorily expedited No-Fault arbitration procedures and civil court proceedings cannot accommodate the time or resources needed for GEICO to demonstrate the existence of the alleged fraudulent scheme and provide evidence of its "patterns and practices, including [through] thousands of bills and supporting medical records, financial records, and the use of medical and financial experts." (Pl. Mem. at 24.)

Defendants dispute GEICO's claim that there are still two active matters pending before the AAA, stating that a "search in the AAA account shows no pending arbitrations." (ECF No. 28, Defendants' Memorandum of Law in Opposition ("Def. Mem."), at 1.) Defendants also contest the number of "active civil court cases," stating that it is 619. (*Id.*) Given the dispute is over a relatively small number of cases and does not significantly impact the analysis that will follow, the Court will assume that the amounts in the Asmus Declaration, which was made under penalty of perjury, are correct, for purposes of the instant motion.

DISCUSSION

GEICO moves to stay and enjoin Defendants' No-Fault collection proceedings and state court collection lawsuits against GEICO. Courts in this Circuit have looked to the preliminary injunction standard under

similar circumstances. *See Gov't Emps. Ins. Co. v. Cean*, No. 19-CV-2363 (PKC), 2019 WL 6253804, at *4 (E.D.N.Y. Nov. 22, 2019) (citing *Allstate Ins. Co. v. Elzanaty*, 929 F. Supp. 2d 199, 217 (E.D.N.Y. 2013)); *see also Moore v. Consol. Edison Co. of N.Y.*, 409 F.3d 506, 510 (2d Cir. 2005). To justify a preliminary injunction, "a movant must demonstrate (1) irreparable harm absent injunctive relief; and (2) 'either a likelihood of success on the merits, or a serious question going to the merits to make them a fair ground for trial, with a balance of hardships tipping decidedly in the plaintiff's favor.'" *Metro. Taxicab Bd. of Trade v. City of New York,* 615 F.3d 152, 156 (2d Cir. 2010) (quoting *Almontaser v. New York City Dep't of Educ.,* 519, F.3d 505, 508 (2d Cir. 2008)). "The showing of irreparable harm is [p]erhaps the single most important prerequisite for the issuance of a preliminary injunction, and the moving party must show that injury is likely before the other requirements for an injunction will be considered." *Elzanaty*, 929 F. Supp. 2d at 221 (quoting *Kamerling v. Massanari*, 295 F.3d 206, 214 (2d Cir. 2002)). Defendants assert that Plaintiffs have failed to show irreparable harm and can be fully compensated by money damages, and that Defendants will suffer more hardship than GEICO if the requested relief is granted. (*See generally* Def. Mem.) Defendants further argue that the Second Circuit, under similar circumstances, has denied injunctive relief, citing *Allstate Insurance Co. v. Harvey Family Chiropractic,* 677 F. App'x 716 (2d Cir. 2017) (hereafter *Harvey*").(Def. Mem. at 15-18.) As discussed, *infra*, however, *Harvey* and the other cases upon which Defendants rely are materially distinguishable.

Appendix B

As a threshold matter, the Court notes that GEICO's complaint and the instant federal action are substantially similar to several recent actions involving analogous allegations by No-Fault insurers of widespread fraudulent medical billing under New York's No-Fault insurance laws. *See Gov't Emps. Ins. Co. v. Tolmasov*, 602 F. Supp. 3d 380, 386 (E.D.N.Y. 2022) (collecting cases). Defendants make no effort to distinguish the cited prior decisions from this case, beyond stating that the cases "misconstrue" the standard for granting injunctive relief and "adopt GEICO's dubious reasoning." (Def. Mem. at 4, 7.)

Having considered the numerous district court decisions in this Circuit and Second Circuit decisions addressing similar circumstances, and upon review of the well-pleaded and plausible factual allegations in the instant complaint and GEICO's supporting submissions and declarations and Defendant's opposition submissions, this Court concludes that GEICO has satisfied the elements for injunctive relief. Accordingly, for the reasons set forth below, GEICO's motion to stay all pending No-Fault collection arbitrations before the AAA[1] and state

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[1] Defendants argue that the request to stay the collection arbitration cases should be denied as moot, as Defendants allege no active arbitrations are taking place between the parties. (Def. Mem. at 1.) As noted *supra*, GEICO alleges that two collection arbitrations were still active as of November 21, 2023. (Asmus Decl. ¶ 6.) Because there is a dispute as to the number of active arbitrations, and because Defendants do not show any prejudice that would result from a stay being entered in the absence of any active cases, the Court relies on the Asmus

collection actions involving Defendants, and to enjoin Defendants from commencing against GEICO any future No-Fault collection arbitrations before the AAA or state collection actions pending this Court's resolution of the instant federal action, is granted.

a. Irreparable Harm

A party seeking injunctive relief must establish, *inter alia*, irreparable harm absent an injunction. *See, e.g., Ventura de Paulino v. New York City Dep't of Educ.*, 959 F.3d 519, 529 (2d Circ. 2020). "To establish irreparable harm, a party seeking preliminary injunctive relief must show that 'there is a continuing harm which cannot be adequately redressed by final relief on the merits' and for which 'money damages cannot provide adequate compensation.'" *Kamerling*, 295 F.3d at 214 (quoting *New York Pathological & X-Ray Labs., Inc. v. INS*, 523 F.2d 79, 81 (2d Cir. 1975)). Defendants contend that money damages are adequate to redress Plaintiffs' alleged harm and that the Second Circuit has held that litigation and inconvenience are insufficient to establish irreparable harm. (Def. Mem. at 2-5.) The majority of courts in this Circuit, however, have held that "[i]rreparable harm occurs where 'an insurer is required to waste time defending numerous no-fault actions when those same proceedings could be resolved globally in a single, pending declaratory judgment action.'" *Gov't Emps.*

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declaration and assumes, without deciding, that there are active arbitrations, and that they should accordingly be subject to the Court's stay.

Ins. Co. v. Moshe, No. 20-CV-1098 (FB), 2020 WL 3503176, at *1 (E.D.N.Y. June 29, 2020) (quoting *State Farm Mut. Auto. Ins. Co. v. Parisien*, 352 F. Supp. 3d 215, 233 (E.D.N.Y. 2018)); *see also Elzanaty*, 929 F. Supp. 2d at 222; *Gov't Emps. Ins. Co. v. Mayzenberg*, No. 17-CV-2802 (ILG), 2018 WL 6031156, at *5 (E.D.N.Y. Nov. 16, 2018); *Gov't Employees Ins. Co. v. Zaitsev*, No. 20-CV-03495 (FB), 2021 WL 3173171, at *2 (E.D.N.Y. July 27, 2021); *Gov't Employees Ins. Co.* v. *Wallegood, Inc.*, No. 21-CV-1986 (PKC), ECF No. 36 at 9-10 (E.D.N.Y. July 16, 2021); *Gov't Employees Ins. Co. v. Landow*, No. 21-CV-1440 (NGG), 2022 WL 939717, at *12 (E.D.N.Y. Mar. 29, 2022).

Defendants further dispute that a declaratory judgment in the instant action would "adjudicate" their collection proceedings in a single forum, noting that if GEICO failed to obtain judgment in the instant case, it would still have "the option of defending on the individual defenses that it raised in civil court actions." (Def. Mem. at 6-7.) As noted by Plaintiffs in their reply, however, rather than separately "adjudicating" each of the hundreds of collection actions in state court, a judgment by this Court would determine "whether Defendants are *eligible* to collect no-fault benefits due to the behavior alleged in GEICO's complaint." (ECF No. 26, Plaintiff's Reply in Support ("Pl. Reply"), at 8 (emphasis added).) Such an outcome would indeed provide an opportunity for the "proceedings [to] be resolved globally in a single, pending declaratory judgment action." *Parisien*, 352 F. Supp. 3d at 233. Moreover,

Plaintiffs will have to prove their damages if they prevail in this Court.

In further disputing the irreparable harm GEICO will suffer, Defendants, as noted *supra*, rely on *Harvey*, a summary order issued by the Second Circuit that affirmed the denial of an insurance company's request to stay No-Fault arbitrations and state court collection suits. 677 F. App'x 716 (2d Cir. 2017). Defendants do not explain, however, how the facts of the instant case are analogous to *Harvey*, beyond general arguments that GEICO's alleged injuries are compensable by monetary damages and therefore GEICO has not established irreparable harm. (Def. Mem. 2-3.) Furthermore, for the reasons set forth in this Court's decisions in *Advanced Comprehensive Laboratory*, *Wellmart*, and *Tolmasov*, the Second Circuit's summary decision in *Harvey* does not preclude injunctive relief, because irreparable harm may be established by "the risk of inconsistent judgments." *Gov't Emps. Ins. Co. v. Advanced Comprehensive Laboratory, LLC,* No. 20-CV-2391 (KAM), 2020 WL 7042648, at *5 (E.D.N.Y. Dec. 1, 2020); *Gov't Emps. Ins. Co. v. Wellmart RX, Inc.*, 435 F. Supp. 3d 443, 451 (E.D.N.Y. 2020) ("the Second Circuit [in *Harvey*] said nothing of the risk of inconsistent judgments"); *see also Moshe*, 2020 WL 3503176, at *2 ("*Harvey* does not preclude granting an injunction to avoid inconsistent judgments").

Here, as in *Advanced Comprehensive Laboratory*, *Wellmart*, and *Tolmasov*, where an insurer demonstrates a risk of inconsistent judgments in No-Fault arbitrations, state collection actions, and RICO- and fraud-based litigation in federal court,

irreparable harm may be shown. Indeed, numerous district courts in this Circuit have also found irreparable harm in similar circumstances. *See, e.g.*, *Mayzenberg*, 2018 WL 6031156, at *5 ("The concern is that allowing over 180 arbitrations to be heard by a mix of arbitrators, each of whom will likely come to their own independent and contradictory conclusions that may be rendered ineffective by this Court, will result in harm to GEICO from which it cannot recover."); *Moshe*, 2020 WL 3503176, at *2 (finding irreparable harm where 4,786 pending arbitrations against GEICO presented a risk of inconsistent judgments); *Parisien*, 352 F. Supp. 3d at 232 (finding irreparable harm where permitting a defendant's individual collection arbitrations and lawsuits would "nullify [GEICO's] efforts to prove fraud at a systematic level, impair a federal declaratory judgment action over which the Court has taken jurisdiction precisely to eliminate such fragmentation, and deprive [GEICO] of an avenue towards complete relief in *any* court"); *Wellmart*, 435 F. Supp. at 449 (finding irreparable harm where the "crux of GEICO's argument is, absent a stay, the collection proceedings will not merely drain GEICO of time and resources, but will also invite inconsistent judicial outcomes"); *Cean*, 2019 WL 6253804, at *5 (finding irreparable harm where an insurer spends resources "defending numerous no-fault actions" when those actions could be resolved in a "single, pending declaratory judgment action"); *see also Liberty Mut. Ins. v. Excel Imaging*, 879 F. Supp. 2d 243, 264 (E.D.N.Y. 2012) ("Permitting these individual claims to proceed to arbitration while [insurer's] claim for a declaratory judgment remains

pending in this Court puts the Plaintiffs at significant risk of multiple judgments that may be inconsistent with the ultimate decision in this case"). The findings and conclusions by numerous district courts in this Circuit further support this Court's conclusion that GEICO will suffer irreparable harm absent injunctive relief. Here, GEICO alleges that Defendants have perpetrated a complex fraudulent billing scheme by submitting thousands of fraudulent, medically unnecessary claims to GEICO for financial gain under New York's No-Fault insurance regime. (*See* Compl. ¶ 1.) The complaint appends documentation to support GEICO's claims of fraudulent and medically unnecessary treatment, including "a representative sample of the fraudulent claims" (*id.* ¶ 7), which shows 8,423 allegedly fraudulent claims identified by GEICO as of the date the instant suit commenced. (*Id.*, Ex. 1 (examples of billing submissions by Patel Medical).) Furthermore,

> as previously discussed, GEICO has included documentation regarding allegedly forged patient signatures, a referral and kickback scheme, and the provision of medical services by unlicensed technicians with no supervision by Patel. (*See generally id.*)

According to GEICO, Defendants are currently prosecuting (i) 2 collection arbitrations against GEICO before the AAA, and (ii) 605 lawsuits against GEICO in various New York civil courts; collectively seeking to recover more than $2,675,000. (Asmus Decl. ¶ 6.) Of the 607 pending collection proceedings, 604 were filed by Patel Medical after GEICO filed its complaint in the instant case. (*Id.* ¶ 7.) Defendants could have asserted counterclaims in the instant federal case,

but instead created a race to risk inconsistent adjudications. In addition, GEICO's declaratory judgment claim against the Defendants also relates to bills that Defendants have continued to submit to GEICO and can become "the subject of a new No-Fault collection arbitration or No-Fault collection lawsuit." (*Id.* ¶ 8.) Without injunctive relief, GEICO asserts that it will suffer irreparable harm in the form of wasted resources and inconsistent arbitration decisions and judicial judgments. This Court agrees.

Indeed, allowing the remaining collection arbitrations to proceed before different arbitrators, and 605 state lawsuits to continue in parallel proceedings, would very likely subject GEICO to "independent and contradictory conclusions" that ultimately may "be rendered ineffective by this Court," pending the disposition of GEICO's instant lawsuit. *Mayzenberg*, 2018 WL 6031156, at *5. Moreover, under these circumstances, the Court agrees that GEICO will suffer irreparable injury that "is neither remote nor speculative" without injunctive relief because Defendants may continue to commence arbitrations before the AAA and state lawsuits for outstanding claims. *Grand River Enter. Six Nations, Ltd. v. Pryor*, 481 F.3d 60, 66 (2d Cir. 2007). Because Defendants failed to confront and distinguish the reasoning in *Advanced Comprehensive Laboratory, Wellmart*, and *Tolmasov*, for the reasons explained in those cases, this Court similarly rejects Defendants' argument that GEICO will not suffer irreparable harm absent injunctive relief.

Defendants also rely heavily on *Allstate Insurance Co. v. Avetisyan*, No. 17-CV-4275 (LDH),

2018 WL 6344249 (E.D.N.Y. Oct. 30, 2018). That case is materially distinguishable from the present matter. In *Avetisyan*, Plaintiffs argued that an injunction was warranted because continued arbitration and litigation in parallel proceedings presented a serious risk of inconsistent rulings, but the Court found that no such risk existed because the fraudulent coding and billing activity Plaintiffs alleged in support of their federal RICO claim and request for declaratory judgment were not asserted as defenses in the parallel proceedings. *Id.* at *2, *4. Here, by contrast, GEICO has asserted lack of medical necessity and fraudulent billing both as a defense in the underlying collections and as a basis for declaratory judgment in this case. (Pl. Reply at 5). Given that Defendants have 605 civil court lawsuits pending against GEICO (Defendants filed almost all 605 after the complaint) that involve the same claims as GEICO's declaratory judgment claim in this action, an injunction staying the state lawsuits until this action is resolved is necessary to aid this Court's jurisdiction, protect this Court's ability to issue a declaratory judgment, prevent inconsistent results, and avoid wasting judicial resources for all parties involved.

Finally, Defendants cite two decisions by then-District Judge Bianco, denying applications to enjoin the filing and prosecution of No-Fault arbitrations. *See Allstate Ins. Co. v. E. Island Med. Care, P.C.*, 16-CV-2802 (JFB), ECF No. 106 at 23-24 (E.D.N.Y. June 5, 2017) ("I don't believe that the issues that the Plaintiffs are concerned about here that they've raised demonstrate any irreparable harm or

inconsistencies in judgments, and I believe that they can be fully compensated by monetary damages. So for those reasons, I don't believe Plaintiffs have met the irreparable harm requirement."); *Allstate Ins. Co. v. Zelefsky*, 13-CV-5830 (JFB), ECF No. 66, at 54 (E.D.N.Y. Apr. 2, 2014) ("[T]he irreparable harm requirement is not met in this case. We are dealing with money damages. All the things that we've discussed that are in the complaint can all be compensated through money damages."). This court considered an identical argument in *Wellmart*, and concluded in that action that Judge Bianco's oral rulings did not provide a specific basis for his conclusion regarding irreparable harm, and as such, would not be considered in the Court's analysis. *See Wellmart*, 435 F. Supp. 3d at 452 ("The court is unable to discern the specific basis for Judge Bianco's conclusion that Allstate was not at risk of irreparable harm, and thus, the *Zelefsky* and *Eastern Island* decisions do not color this court's analysis.").

If Defendants are permitted to prosecute the ongoing collection proceedings, GEICO faces imminent and non-speculative risks of inconsistent judgments and unnecessary, and potentially unrecoverable, expenditures of time and resources on arbitrations and state court lawsuits that may be resolved by the instant, pending declaratory judgment action. Accordingly, the Court concludes that GEICO has demonstrated irreparable harm absent injunctive relief.

b. Serious Questions Going to the Merits

Appendix B

In addition to a showing of irreparable harm, for a preliminary injunction to issue, there must also be "either 'a likelihood of success on the merits' or 'sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly' in the movant's favor." *Parisien*, 352 F. Supp. 3d at 234 (E.D.N.Y. 2018) (quoting *Jackson Dairy, Inc. v. H. P. Hood & Sons, Inc.*, 596 F.2d 70, 72 (2d Cir. 1979)). "Likelihood of success is not the focus at the early stages of a case such as this, because any likelihood of success inquiry would be premature. Instead, the Court looks to whether there is a serious question going to the merits to make them a fair ground for trial." *Id.* (quoting *Elzanaty*, 929 F.Supp.2d at 217); *see also Citigroup Glob. Mkts., Inc. v. VCG Special Opportunities Master Fund Ltd.*, 598 F.3d 30, 35 (2d Cir. 2010) ("The 'serious questions' standard permits a district court to grant a preliminary injunction in situations where it cannot determine with certainty that the moving party is more likely than not to prevail on the merits of the underlying claims, but where the costs outweigh the benefits of not granting the injunction. Because the moving party must not only show that there are 'serious questions' going to the merits, but must additionally establish that 'the balance of hardships tips decidedly' in its favor, its overall burden is no lighter than the one it bears under the 'likelihood of success' standard.").

Here, as in *Advanced Labs*, *Wellmart*, and *Tolmasov,* GEICO's submissions easily meet the threshold of showing a serious question going to the merits. *See Advanced Comprehensive Laboratory,*

2020 WL 7042648 at *6; *Wellmart,* 435 F. Supp. 3d at 453; *Tolmasov*, 602 F. Supp. 3d at 390. Plaintiffs seek injunctive relief against Defendants' pursuit of collection arbitrations and lawsuits, and a declaratory judgment that Defendants have "no right to receive payment for any pending bills submitted to GEICO because the Fraudulent Services were not medically necessary and were provided - to the extent they were provided at all - (1) "pursuant to pre-determined fraudulent protocols"; (2) with billing codes that misrepresented the services provided; (3) "pursuant to the dictates of laypersons not licensed to render healthcare services"; (4) "pursuant to illegal kickback payments made in exchange for patient referrals"; and (5) "by independent contractors, rather than by employees of Patel Medical." (Compl. ¶ 280-84.) Defendants do not offer any arguments in response to Plaintiff's argument that "that GEICO has shown, at a minimum, sufficiently serious questions going to the merits of GEICO's declaratory judgment claim to make them a fair ground for litigation – if not establish a likelihood of success on the merits." (Pl. Mem. at 15.)

GEICO's evidence in support of the motion for injunctive relief and declaratory relief, as set forth in its motion and exhibits to the complaint "detail a complicated scheme of alleged fraudulent activity," *Elzanaty*, 929 F. Supp. 2d at 222, supported by specific examples and exhibits. For example, as previously noted, GEICO includes a representative sample of the allegedly forged patient signatures in its unredacted complaint which reveal significant

discrepancies even to an untrained observer. (ECF No. 27, Unredacted Complaint at p. 12). GEICO further offers a list of specific instances of alleged forgery for an insured individual with initials "H.V." that includes 20 separate submissions by Patel Medical. (Compl. ¶45.)

GEICO also offers significant details and documents regarding the existence of an elaborate kickback and referral scheme, including the use of a transportation company to bring individuals to a residential property owned by Patel and converted into a clinic with no marketing, parking for customers, or obvious indication that it offered medical services whatsoever. (*Id.* ¶¶ 51-55.) Despite the alleged lack of any marketing to the general public, Patel and Patel Medical nonetheless submitted over $1.2 million in billing to GEICO from the Floral Park clinic alone. (*Id.*) Further, GEICO also alleges that, to the extent services were actually performed, they were often performed by unlicensed technicians who were never employed by Patel or Patel Medical, in direct violation of New York's No-Fault insurance laws. (*Id.* ¶¶ 254-56.) GEICO offers as evidence the fact that "Patel Medical issued IRS 1099-NEC forms in 2021 to multiple unlicensed technicians who performed ESWT services on behalf of Patel Medical." (*Id.* ¶ 263.)

Moreover, GEICO alleges that Defendants, based upon the "fraudulent, pre-determined 'diagnoses' that they purported to provide to Insureds during the purported initial consultations and examinations," subsequently subjected many of the insured individuals to "medically unnecessary" procedures, including (i) electrodiagnostic tests

"designed solely to maximize the charges that Patel Medical could submit to GEICO and other insurers"; (ii) electromyography ("EMG") tests that were "medically useless" and "played no genuine role in the treatment or care of the Insureds"; and (iii) "experimental services styled as extracorporeal shockwave therapy ('ESWT') 'treatments' that were, in reality, medically unnecessary, experimental, and non-reimbursable Radial Pressure Wave Therapy ('RPWT') services". (*Id.* ¶¶ 1, 146, 212, 221, 230.) The complaint also appends documentation to support GEICO's claims of fraudulent and medically unnecessary treatment, including "a representative sample of the fraudulent claims" (*id.*¶ 7), which shows 8,423 allegedly fraudulent claims identified by GEICO as of the date the instant action commenced. (*Id.*, Ex. 1 (examples of billing submissions by Patel Medical).)

Viewing the record collectively, the complaint's detailed allegations and appended documents satisfy the heightened "likelihood of success" standard with respect to Plaintiffs' statutory and common law causes of action, and, at a minimum, raise a serious question going to the merits as to whether Defendants were fraudulently providing treatment that was not medically necessary and, in some cases, not actually performed. *See Parisien*, 352 F. Supp. 3d at 234 (finding serious question going to the merits where the complaint and exhibits alleged Defendants provided unnecessary medical services); *Elzanaty*, 929 F. Supp. 2d at 222 (finding serious question going to the merits where complaint alleged "complicated scheme" of fraud). In any event, given this Court's finding of irreparable harm to

Plaintiffs, sufficiently serious questions going to the merits, and as the Court will discuss next, a balance of hardships tipping decidedly in favor of granting the stay and injunctive relief, the Court need not and does not further address the likelihood of success. *See Gov't Emps. Ins. Co. v. Strutsovskiy,* No. 12-CV-330 (LJV), 2017 WL 4837584, at *8 (W.D.N.Y. Oct. 26, 2017) (declining to address the likelihood of success where the Court found "sufficiently serious questions going to the merits and a balance of hardships tipping decidedly in favor of granting the stay"); *Parisien*, 352 F. Supp. 3d at 234 (declining to address likelihood of success where the Court found "that there are 'serious questions going to the merits' in lieu of a 'likelihood of success on the merits'").

c. Balance of Hardships

Lastly, the Court must balance the hardships of GEICO and Defendants. Given the Court's finding that Plaintiffs will be irreparably harmed and that there are "serious questions going to the merits," for a preliminary injunction to issue, the Court must further determine whether the "balance of hardships tip[s] decidedly" in GEICO's favor. *Parisien*, 352 F. Supp. 3d at 234. Consistent with this Court's decision in *Advanced Labs*, *Wellmart*, and *Tolmasov*, if the Court grants Plaintiffs' motion to enjoin the underlying collection proceedings and GEICO fails to prove its claims, "then, at worst, [defendants'] recovery of the no-fault benefits to which they are entitled will be delayed; all [defendants] can hope for in pursuing their parallel state lawsuits and arbitrations is to accelerate their receipt of benefits to which they are already entitled." *Id.* at 234–35. If Defendants'

pending arbitration and civil collection proceedings are not stayed, then, as discussed above, GEICO will suffer irreparable harm because if GEICO prevails, money damages will be inadequate to remedy the Plaintiffs' time and losses, and because of the risk of inconsistent outcomes. Accordingly, the balance of hardships tips decidedly in favor of GEICO.

Furthermore, in balancing the hardships experienced by defendants, this Court also concludes that Defendants will suffer no prejudice if their right to collect the pending billing is adjudicated in a single declaratory judgment action. "Indeed, granting the stay and injunction will actually save all parties time and resources. Rather than adjudicating hundreds of individual claims in a piecemeal fashion, all claims can be efficiently and effectively dealt with in a single declaratory judgment action." *Gov't Emps. Ins. Co. v. Cean*, No. 19-CV-2363 (PKC), 2019 WL 6253804, at *5 (E.D.N.Y. Nov. 22, 2019) (citing *Elzanaty*, 929 F. Supp. 2d at 222 (finding that "all parties will benefit from having the issue of fraudulent incorporation determined in one action")). Like defendants in other similar actions, here, Defendants "will benefit from the stay if [they] ultimately prevail[] in this matter because [they] will be entitled to the collection of interest at a rate of two percent every month that the No-Fault payments are overdue." *Strutsovskiy*, at *8 (quoting *Elzanaty*, 929 F. Supp. 2d at 222); *see* 11 NYCRR § 65-3.9(1)(a) ("All overdue mandatory and additional personal injury protection benefits due an applicant or assignee shall bear interest at a

rate of two percent per month, calculated on a pro- rata basis using a 30-day month.").

The Court does not find persuasive Defendants' argument that the underlying GEICO insurance policies might be exhausted by other claims from other healthcare providers during the pendency of the stay, thus leaving Defendants unable to collect once the stay is lifted. (Def. Mem. at 20-21.) As noted by Plaintiffs in their reply, Defendants do not identify any claims that might actually be rendered uncollectable, or any reason why Defendants could not collect on their claims from other payors should a hypothetical policy be exhausted. (Pl. Reply at 8.) Given the speculative and conclusory nature of Defendants' contentions, this Court joins other courts in this district which have found such arguments to be insufficient to demonstrate that the balance of hardships tips in Defendants' favor. *See, e.g., State Farm Mut. Auto. Ins. Co.v. Herschel Kotkes, M.D., P.C.*, No. 22-CV-03611 (NRM), 2023 WL 4532460, at *11 (E.D.N.Y. July 13, 2023) ("[Defendant] does not identify any policies nearing exhaustion, nor any particular reason why this may be a legitimate, imminent concern for his patients."); *Gov't Emps. Ins. Co. v. Moshe*, No. 20-CV-1098 (FB), 2020 WL 3503176, at *3 (E.D.N.Y. June 29, 2020) ("[Defendant's]argument is speculative at best considering defendants do not identify any policies nearing exhaustion").

For the reasons set forth above, because GEICO has made the requisite showing for the Court to grant a stay and preliminary injunction, and because

Defendants will not be prejudiced, GEICO's motion is granted.

d. Undertaking

Federal Rule of Civil Procedure Rule 65(c) provides that "[t]he court may issue a preliminary injunction or a temporary restraining order only if the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." Though the Rule appears to use mandatory language, an exception to the bond requirement has been crafted for cases involving the enforcement of "public interests" arising out of "comprehensive federal health and welfare statutes." *Pharm. Soc. of State of N.Y., Inc. v. N.Y. State Dep't of Soc. Servs.*, 50 F.3d 1168, 1174 (2d Cir. 1995). In determining if claims involve the enforcement of public interest, "the nature of the rights being enforced, rather than the nature of the entity enforcing them, is the central consideration in determining whether the bond requirement should be waived under this exception." *Id.* at 1175. Further, a district court has wide discretion to dispense with the bond requirement "where there has been no proof of likelihood of harm." *Donohue v. Mangano*, 886 F. Supp. 2d 126, 163 (E.D.N.Y. 2012).

Although there is no federal health and welfare statute involved in this action, New York's No-Fault insurance statutes are laws "designed to protect accident victims regardless of fault by enabling them to obtain necessary medical attention without concern of the ability to pay." *Gov't Emps. Ins.*

Co. v. Mayzenberg, No. 17-CV-2802 (ILG), 2018 WL 6031156, at *10 (E.D.N.Y. Nov. 16, 2018). In *Mayzenberg*, the court waived the security requirement of Rule 65(c) in light of the systemic nature of the fraud alleged in the complaint and the lack of prejudice to the defendants resulting from a preliminary injunction. *Id.* The same considerations justify dispensing with the bond requirement here, particularly in light of the fact that Defendants do not appear to oppose GEICO's request, and do not provide any showing of prejudice that would result. (*See generally* Def. Mem.) Accordingly, the Court grants GEICO's request to waive the bond requirement.

e. Authority to Enjoin

The All-Writs Act, 28 U.S.C. § 1651, gives a district court the authority to "issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law." *Id.* § 1651(a). Pursuant to this statute, "a federal court may enjoin actions in other jurisdictions that would undermine its ability to reach and resolve the merits of the federal suit before it." *Parisien*, 352 F. Supp. 3d at 224 (internal quotation marks and citation omitted). "The court's authority to take this action, however, is limited by the Anti- Injunction Act, 28 U.S.C. § 2283, which provides that 'a court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments.'" *Gov't Emps. Ins. Co. v. Landow*, No. 21-CV-1440 (NGG), 2022 WL 939717, at *13 (E.D.N.Y. Mar. 29, 2022) (quoting 28 U.S.C. § 2283).

"However, if an injunction falls within one of these three exceptions, the All-Writs Act provides the positive authority for federal courts to issue injunctions of state court proceedings." *Parisien*, 352 F. Supp. 3d at 225 (internal quotation marks and citation omitted). Despite this, the "mere pendency of a parallel proceeding in state court, in and of itself, is insufficient grounds to invoke the exception." *Id.* Rather, in *Parisien,* "the court held that because the defendants allegedly acted pursuant to one single scheme, and the federal court had jurisdiction over that scheme, it had the authority to stay the [2,300 actions in state civil court]." *Landow*, 2022 WL 939717, at *13 (citing *Parisien*, 352 F. Supp. 3d at 225)).

In their opposition, Defendants argue that the "'[in] aid of jurisdiction' exception to the [Anti-Injunction Act] does not apply" to the instant case. (Def. Mem. at 22.) Specifically, Defendants argue that the line of district court cases, cited by Plaintiffs, that cite to *United States v. Schurkman*, 728 F.3d 129 (2d Cir. 2013) were improperly decided. Defendants do not explain specifically what those decisions decided incorrectly, but instead summarize the Second Circuit's opinion in *Shurkman* before arguing that "there is simply no way that *Shurkman* applies to this action" without offering any meaningful analysis. (Def. Mem. at 23.)

Defendants' negligible argument is inadequate to convince this Court that injunctive relief must be denied. As discussed further above, in recent and analogous cases to this one, courts in this Circuit have concluded that, based on an exception to the AIA, the

courts were authorized to stay the state court collection lawsuits insurers have faced pending disposition of the insurer's claims in federal court.[2] *See Gov't Emps. Ins. Co. v. Wallegood, Inc.*, No. 21-CV-1986 (PKC), ECF No. 36 at 14-19 (E.D.N.Y. July 16, 2021); *Parisien*, 352 F. Supp. 3d at 232; *Landow*, 2022 WL 939717, at *13; *State Farm Mut. Auto. Ins. Co. v. Herschel Kotkes, M.D., P.C.,* No. 22-CV-03611 (NRM), 2023 WL 4532460, at *12 (E.D.N.Y. July 13, 2023) ("this

[2] The Court notes that an intra-district split has recently developed on this topic, with two decisions concluding that an exception to the AIA did not apply to an insurer's efforts to stay state court collection proceedings. *See, e.g., Gov't Emps. Ins. Co. v. Granovsky*, No. 19-CV-6048 (EK), 2022 WL 1810727, at *5 (E.D.N.Y. June 2, 2022) ("the factors that GEICO invokes now are simply not sufficiently analogous (in my view) to merit application of the necessary-in- aid-of-jurisdiction exception"); *State Farm Mut. Auto. Ins. Co. v. Metro Pain Specialists P.C.*, No. 21-CV-5523 (MKB), 2022 WL 1606523, at *13 (E.D.N.Y. May 20, 2022) ("the Court finds that the in-aid-of-jurisdiction exception to the Anti-Injunction Act does not apply to Plaintiffs' request for a preliminary injunction of pending no-fault insurance state court proceedings"). *Metro Pain Specialists* is, as of the time of this opinion, on appeal before the Second Circuit. Until such time as the Second Circuit offers further guidance on the topic, this Court continues to find persuasive Judge Glasser's thoroughly reasoned opinion in *Parisien,* which found that "the fragmentation of the dispute into more than 2,300 individual actions would nullify [the insurer's] efforts to prove fraud at a systemic level, impair a federal declaratory judgment action over which the Court has taken jurisdiction precisely to eliminate such fragmentation, and deprive [the insurer] of an avenue toward complete relief in any court." 352 F. Supp. 3d at 232.

Court concludes that the 'in aid of jurisdiction' exception applies to pending no-fault collection actions such as this one, in which an insurer-plaintiff has plausibly alleged a broad pattern of fraud in a defendant's no- fault insurance claims that are also the subject of dozens of state court actions").

In this case, the court is persuaded that the exception to the general rule applies. While it may be advisable to deny an injunction when the state court's judgment could "peaceably coexist with the district court's judgment," *Schurkman*, 728 F.3d at 139, GEICO has persuaded this Court that the instant case does not present such a situation. The Plaintiffs face over 600 pending state actions, all of which are connected to the federal action, and none of which would be fully evaluated in state court as to the fraud allegations. (Pl. Reply at 10.) Furthermore, the state court actions have the potential to conflict with the declaratory judgment. *See Parisien*, 352 F. Supp. 3d at 229 ("Any judgment in the state no-fault proceedings will be *res judicata* for purposes of [a federal] action. Therefore, if [plaintiff] suffers an adverse judgment in state court, this court will be bound to adhere to that decision, even though the state court may not have been able to consider what seems to be the heart of plaintiff's case."). In addition13, "it is unlikely that the balance of federalism, which the Anti-Injunction Act was intended to safeguard, will be significantly disturbed by pausing individual collections actions in order to ascertain whether these actions may be dealt with more efficiently in a declaratory judgment action." *Kotkes*, 2023 WL 4532460, at *13. Accordingly, the Court finds that the

exception to the Anti Injunction Act applies, and this Court therefore has the ability to enjoin the pending state collection lawsuits.

CONCLUSION

For the reasons set forth above, GEICO's motion for preliminary injunctive relief is GRANTED, pending resolution of the instant federal action, to (1) stay all pending No-Fault collection arbitrations before the AAA and all pending state court collection proceedings between Defendants and GEICO; and (2) to enjoin Defendants from commencing any new No-Fault insurance collection arbitrations or collection lawsuits against GEICO.

The parties shall proceed to discovery and are hereby referred to Magistrate Judge Peggy Kuo for all pre-trial matters. Because the Court is preliminarily staying Defendants' rights to commence further No-Fault insurance arbitrations and collection lawsuits against GEICO on behalf of Defendants, all procedures in this matter should proceed on an expedited basis.

SO ORDERED.

/s/ Kiyo A. Matsumoto

KIYO A. MATSUMOTO
United States District Judge
Eastern District of New York

Dated: Brooklyn, New York
January 8, 2024

APPENDIX C - DECISION AND ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT IN STATE FARM V. TRI-BOROUGH NY MEDICAL PRACTICE PC, ET AL., DATED OCTOBER 24, 2024

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

August Term, 2023

Argued: January 11, 2024 Decided: October 24, 2024

Docket Nos. 22-1318-cv, 22-1362-cv, 22-1386-cv

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY, STATE FARM FIRE AND CASUALTY COMPANY,

Plaintiffs-Appellees-Cross-Appellants,

— v. —

TRI-BOROUGH NY MEDICAL PRACTICE P.C., METRO PAIN SPECIALISTS P.C., LEONID SHAPIRO, M.D., REUVEN ALON, AKA ROB ALON, COLUMBUS IMAGING CENTER LLC, MEDAID RADIOLOGY LLC, YAN MOSHE, AKA YAN LEVIEV, HACKENSACK SPECIALTY ASC LLC, FKA DYNAMIC SURGERY CENTER LLC, INTEGRATED SPECIALTY ASC LLC, FKA HEALTHPLUS SURGERY CENTER LLC,

Appendix C

Defendants-Appellants-Cross-Appellees.[1]

B e f o r e:

KEARSE, LYNCH, and NARDINI, *Circuit Judges*.

Defendants-Appellants-Cross-Appellees, who are health care providers and related individuals and entities that treat automobile accident victims, appeal from an order of the United States District Court for the Eastern District of New York (Brodie, *Ch. J.*) granting in part a motion for a preliminary injunction made by Plaintiffs-Appellees-Cross-Appellants State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Insurance Company (collectively, "State Farm"). This appeal concerns benefits provided under New York's Comprehensive Motor Vehicle Insurance Reparations Act ("No-Fault Act") to reimburse covered individuals injured in automobile accidents for necessary health expenses, without regard to fault. State Farm alleges that Defendants engaged in a scheme to fraudulently obtain No-Fault benefits and pursued baseless arbitrations and state-court proceedings to seek reimbursement of unpaid bills. The district court granted the motion for a preliminary injunction in part by enjoining Defendants from proceeding with the pending arbitrations and from initiating new arbitrations and state-court proceedings, but denied an injunction of the pending

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[1] The Clerk of Court is respectfully directed to amend the caption as set forth above.

state-court proceedings. In resolving this appeal, we address four key issues: (1) our appellate jurisdiction; (2) the propriety of the preliminary injunction; (3) whether the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.*, allows enjoining the arbitrations; and (4) whether an exception to the Anti- Injunction Act, 28 U.S.C. § 2283, allows enjoining the pending state-court proceedings. We **REVERSE** the district court's orders denying a preliminary injunction of the pending state-court proceedings, **AFFIRM** its orders in all other respects, and **REMAND** the matter for further proceedings consistent with this opinion.

ROBERT T. SMITH, Katten Muchin Rosenman LLP, Washington, DC (Mary C. Fleming, Ally Jordan, Katten Muchin Rosenman LLP, Washington, DC; Jonathan L. Marks, Katten Muchin Rosenman LLP, Chicago, IL; Christopher T. Cook, Katten Muchin Rosenman LLP, New York, NY, *on the brief*), *for Plaintiffs-Appellees-Cross- Appellants*.

PETER STROILI (Kevin Joseph Windels, Matthew Lee, *on the brief*), Kauffman Dolowich & Voluck LLP, New York, NY, *for Defendants-Appellants-Cross-Appellees Tri-Borough NY Medical Practice P.C., Metro Pain Specialists P.C., and Leonid Shapiro, M.D.*

Appendix C

KEITH J. ROBERTS, Brach Eichler LLC, Roseland, NJ (Charles H. Horn, The Russell Friedman Law Group, LLP, Garden City, NY, *on the brief*), *for Defendants-Appellants-Cross- Appellees Reuven Alon, AKA Rob Alon, Columbus Imaging Center LLC, Medaid Radiology LLC, Yan Moshe, AKA Yan Leviev, Hackensack Specialty ASC LLC, FKA Dynamic Surgery Center LLC, and Integrated Specialty ASC LLC.*

GERARD E. LYNCH, *Circuit Judge*:

Plaintiffs State Farm Mutual Automobile Insurance Company and State Farm Fire and Casualty Insurance Company (collectively, "State Farm") provide automobile insurance coverage in New York and are required under New York's Comprehensive Motor Vehicle Insurance Reparations Act ("No-Fault Act") to reimburse covered individuals injured in automobile accidents for necessary health expenses, without regard to fault. *See* N.Y. Ins. Law §§ 5101–5109. Insureds can assign their No-Fault benefits to health care providers, who can then seek reimbursement directly from State Farm for treatment provided to the insureds. In this case, State Farm alleges that Defendants, who are health care providers and related individuals and entities that treat automobile accident victims, engaged in a massive scheme to fraudulently obtain No-Fault benefits by providing medically unnecessary treatment and

services pursuant to illegal "pay-to-play" financial arrangements, seeking reimbursement of such claims from State Farm, and then bringing thousands of baseless arbitrations and state-court proceedings when State Farm denied the claims.

State Farm accordingly brought this lawsuit in the United States District Court for the Eastern District of New York, asserting claims under the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1961 *et seq.*, and state law. State Farm then sought a preliminary injunction to prevent Defendants from pursuing the pending arbitrations and state-court proceedings and from bringing any new actions. Granting State Farm's motion for a preliminary injunction in part, the district court (Margo K. Brodie, *Ch. J.*) stayed the pending arbitrations and enjoined Defendants from commencing any new arbitrations or state-court proceedings, but declined to enjoin the pending state-court proceedings. Defendants appeal, contending that the district court abused its discretion in granting a preliminary injunction and that the Federal Arbitration Act ("FAA"), 9 U.S.C. § 1 *et seq.*, bars an injunction of the arbitrations. State Farm cross-appeals, arguing that the pending state-court proceedings can be enjoined under exceptions to the Anti-Injunction Act ("AIA"), 28 U.S.C. § 2283.

First, as to Defendants' appeal, we conclude that the district court did not exceed its discretion in granting a preliminary injunction and correctly determined, albeit for different reasons than our own, that the arbitration agreements here are unenforceable under the FAA. Second, as to State Farm's cross-appeal, we disagree with the district

court's conclusion that the AIA bars an injunction of the pending state-court proceedings here.

Accordingly, we **REVERSE** the district court's orders declining to enjoin the pending state-court proceedings, **AFFIRM** its orders in all other respects, and **REMAND** the matter for further proceedings consistent with this opinion.

BACKGROUND

I. New York's No-Fault Insurance Regime

New York's No-Fault Act requires insurers to compensate victims of automobile accidents for their injuries regardless of fault. *See* N.Y. Ins. Law §§ 5101–5109. The No-Fault regime aims "to ensure prompt compensation for losses incurred by accident victims without regard to fault or negligence, to reduce the burden on the courts and to provide substantial premium savings to New York motorists." *Med. Soc'y of New York v. Serio*, 100 N.Y.2d 854, 860 (2003). The No-Fault Act provides compensation for "basic economic loss," which covers, as relevant here, "necessary" health expenses up to $50,000 per person. N.Y. Ins. Law § 5102(a)

The Act's implementing regulations allow covered individuals to assign their statutory benefits to licensed health care providers in exchange for services, and the providers in turn can submit claims directly to the insurance companies for medically necessary expenses. N.Y. Comp. Codes R. & Regs. tit. 11, § 65-3.11(a) ("An insurer shall pay benefits . . . directly to the applicant or . . . upon assignment by the

applicant[,] . . . shall pay benefits directly to providers of health care services . . . ."). Providers, however, are ineligible to receive reimbursement of No-Fault benefits in a number of circumstances, including if they "fail[] to meet any applicable New York State or local licensing requirement …or meet any applicable licensing requirement necessary … in any other state." *Id.* § 65-3.16(a)(12). For example, a medical services corporation may be operated only by a licensed professional, such as a physician. *See, e.g.*, N.Y. Bus. Corp. Law §§ 1503(b), 1507, 1508(a). Providers are also prohibited from paying or receiving kickbacks in exchange for patient referrals or in connection with the performance of professional services. *See, e.g.*, N.Y. Educ. Law § 6530(11), (18)–(19); N.Y. Comp. Codes R. & Regs. tit. 8, § 29.1(b)(3)–(4)

In the event of a dispute regarding an insurer's obligation to pay No-Fault benefits, the No-Fault Act specifies that "[e]very insurer shall provide a claimant with the option of submitting any dispute involving the insurer's liability to pay first party benefits, or additional first party benefits, to arbitration," and such arbitrations are held "pursuant … to simplified procedures." N.Y. Ins. Law § 5106(b). Insurers must accordingly include a mandatory personal injury protection endorsement in their liability policies providing for the option to arbitrate. *See* N.Y. Comp. Codes R. & Regs. tit. 11, § 65-1.1.

Appendix C

II. Factual Background[1]

A. The Parties

Plaintiffs are insurance companies that issue automobile insurance policies in New York. Defendants are health care providers and related individuals and entities that treat automobile accident victims and have submitted claims to State Farm seeking reimbursement of No-Fault benefits or worked with other Defendants who have submitted such claims. Defendants include physicians, physical therapists, chiropractors, and acupuncturists, as well as related corporations and medical centers. Although there are numerous Defendants in the case, only two groups of Defendants have pursued this appeal. The first group of Defendants-Appellants includes Dr. Leonid Shapiro ("Shapiro"), Metro Pain Specialists P.C. ("Metro Pain"), and Tri-Borough NY Medical Practice P.C. ("Tri-Borough Medical") (collectively, "Metro Pain Defendants"). Shapiro is a licensed anesthesiologist in New York and New Jersey who purportedly owns and controls several health care entities, including Metro Pain and its successor entity Tri-Borough Medical, as well as PMR Medical P.C. ("PMR Medical").

Shapiro has also incorporated and/or has ownership interests in companies that provide medical documentation and technology services to attorneys and medical clinics. In addition to his ownership of various entities, Shapiro has served as the medical

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[1] As explained further below, the factual background is derived from the First Amended Complaint ("FAC"). *See infra* note 5.

director of certain ambulatory surgery centers ("ASCs"), including Excel Surgery Center LLC ("Excel Surgery"), Hackensack Specialty ASC LLC, f/k/a Dynamic Surgery Center LLC ("Dynamic Surgery"), and Integrated Specialty ASC LLC, f/k/a HealthPlus Surgery Center LLC ("HealthPlus Surgery"), as well as the Director of Anesthesiology for NJMHMC LLC, d/b/a Hudson Regional Hospital ("Hudson Regional"), and the primary provider of anesthesia services at SCOB LLC d/b/a SurgiCare of Brooklyn ("SurgiCare").

Metro Pain is a medical practice that operates approximately thirty multidisciplinary clinics in the New York area serving individuals injured in automobile accidents. Metro Pain staffs those clinics with physicians and other health care providers, such as physical therapists, acupuncturists, and chiropractors, who sublease space from Metro Pain. Four of its locations operate as "gatekeeper" clinics where Metro Pain conducts initial examinations of patients and then refers them for further treatment and services, which are often performed at Metro Pain clinics by the various providers who work there.[2] Metro Pain has accordingly submitted claims to State Farm for reimbursement under the No-Fault program for treatment and services provided to patients. MetroPain, however, ceased operations around April 2021, and Shapiro began operating Tri-Borough Medical as its successor entity in May 2021, assuming

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[2] The four gatekeeper clinics are located at (a) 105-10 Flatlands Ave., Brooklyn, NY 11236; (b) 204-12 Hillside Ave., Hollis, NY 11423; (c) 717 Southern Blvd., Bronx, NY 10455; and (d) 2451 E. Tremont Ave., Bronx, NY 10461.

its role and functions in nearly all respects. Like Metro Pain, Tri-Borough Medical is a medical practice serving individuals injured in automobile accidents, and it operates at many of Metro Pain's prior locations, treating the same patients through the physicians and other health care professionals previously employed by Metro Pain. State Farm alleges that Shapiro operates Tri-Borough Medical as a successor entity to Metro Pain in part to induce State Farm and other insurers to reimburse claims for No-Fault benefits that they would not have paid to Metro Pain.

The second group of Defendants-Appellants includes Reuven Alon (also known as Rob Alon) ("Alon"), Columbus Imaging Center LLC ("Columbus Imaging"), Medaid Radiology LLC ("Medaid Radiology"), Yan Moshe (also known as Yan Leviev) ("Moshe"), Dynamic Surgery, and HealthPlus Surgery (collectively, "MRI and ASC Defendants"). Alon is a businessman, not a physician, who allegedly owns Columbus Imaging and Medaid Radiology, which provide MRI services for Metro Pain patients, and which have submitted bills to State Farm for such services. Alon also owns the Beshert Corp. ("Beshert"), which is an advertising and marketing company directed at No-Fault medical providers, attorneys, and victims of automobile accidents. Beshert also functions as a referral network among No-Fault providers and attorneys and requires its members to refer patients to other members in that network.

Moshe is Alon's cousin and a businessman who allegedly owns several health care entities, but he is not a physician or a licensed health care professional. Moshe allegedly owns many ASCs, including Excel

Surgery, Dynamic Surgery, HealthPlus Surgery, and Hudson Regional, which serve individuals injured in automobile accidents. State Farm further alleges that Moshe secretly owns and controls companies that provide MRI services including Citimedical I, PLLC ("Citimedical I"), Citimedical Services P.C., and Citimed Complete Medical Care P.C., as well as anesthesia provider Citimed Services P.A. (collectively, "Citimed Companies"), all of which are owned on paper by Moshe's sister, Dr. Regina Moshe ("Dr. Moshe"). Finally, Moshe owns and controls Med Capital LLC ("Med Capital"), which is a medical receivables financing company.

B. The Alleged Fraudulent Scheme

Beginning in November 2016 and continuing since then, Shapiro, Alon, and Moshe allegedly devised a scheme to profit from New York's No-Fault regime by submitting fraudulent claims for reimbursement to State Farm. State Farm alleges that Shapiro, Alon, and Moshe jointly orchestrated the scheme, and that the relationship among them is symbiotic such that they each play important roles to mutually benefit one another and further the scheme.

The alleged fraudulent scheme generally operates as follows: As a first step, Metro Pain and Tri-Borough Medical conduct initial examinations of patients at the gatekeeper clinics that are not intended to diagnose and treat patients' conditions, but rather are predetermined to find various injuries requiring extensive treatment. Then, Metro Pain and Tri-Borough Medical refer patients for further unnecessary treatment to health care providers within

their clinics or to Moshe's and Alon's health care centers. Alon advances the scheme by providing Shapiro's and Moshe's health care entities access to patients through Beshert, which receives compensation in return for those marketing services. Moshe profits through Metro Pain's and Tri Borough Medical's referral of patients for unnecessary treatment at his ASCs and some of the Citimed Companies. In return, Moshe compensates Shapiro by paying him $400,000 in salary for serving as the "medical director" of his ASCs and granting him the primary, if not exclusive, ability to provide anesthesia services at his ASCs.

Moshe also advanced the scheme by providing Shapiro with a $2.5 million loan against Metro Pain's receivables. Some Defendants then submit claims for reimbursement to State Farm for the medically unnecessary treatment and services provided to patients and attempt to conceal their scheme by, *inter alia*, "submitting multiple bills from multiple providers and by changing providers operating at each address." Joint Appendix ("J.A.") 158.

As a final step in the alleged scheme, Defendants routinely initiate litigation in state court and arbitration actions if State Farm denies Defendants' claims for reimbursement. As of December 2021, Defendants had commenced over 2,450 arbitrations and approximately 480 suits in state court seeking reimbursement of No-Fault benefits from State Farm

to further the alleged scheme.[3] *Id.* at 255. State Farm contends that those arbitrations and state-court proceedings are baseless and advance the scheme in two ways. First, the proceedings help monetize the scheme as further attempts to obtain No-Fault benefits. Second, the proceedings obscure the fraud because the proceedings often concern individual claims for individual patients, making it difficult to prove a pattern of medically unnecessary services across multiple patients. As a result of this elaborate and extensive alleged scheme, State Farm claims that it has suffered more than $15 million in damages.

More specifically, State Farm alleges that the No-Fault claims are fraudulent for three key reasons: (1) predetermined treatment protocols, kickbacks and "pay-to-play" financial arrangements, and (3) violations of licensing requirements.

1. Predetermined Treatment Protocols

First, State Farm alleges that Defendants provide treatment and services that are not medically necessary. As mentioned above, the Metro Pain Defendants operate several multidisciplinary clinics, at least four of which operate as gatekeeper clinics that conduct initial examinations of patients to determine additional treatment and services. State Farm alleges that the initial examinations are not legitimately performed to diagnose a patient's condition and genuine needs but are rather performed to justify

[3] As of January 8, 2024, 103 of those state-court proceedings remained pending.

unnecessary care through identical treatment plans. Regardless of the patient's actual needs, the predetermined treatment protocols "virtually always conclude [that] patients require a treatment plan consisting of a combination of physical therapy, chiropractic care, and acupuncture, as well as other services" offered by the Metro Pain Defendants or other providers with whom it has financial arrangements. *Id.* at 51. In addition, the Metro Pain Defendants refer virtually every patient who receives more than one office visit to Alon's and Moshe's companies for MRIs, the majority of which were medically unnecessary.

Similarly, some of Metro Pain's patients receive unnecessary cervical collars, lumbar orthoses, prescription gels, and patches, as well as pain management and orthopedic consultations that are followed by procedures performed by Metro Pain and Tri-Borough Medical at Moshe's ASCs where they receive anesthesia from Shapiro's or Moshe's anesthesia companies. Finally, State Farm asserts that the Metro Pain Defendants routinely order unnecessary diagnostic tests for patients that do not affect their treatment, and that some of those tests are duplicative of information already obtained through the initial predetermined treatment protocols. The Metro Pain Defendants then bill State Farm for those allegedly unnecessary treatment and services to fraudulently take advantage of patients' No-Fault benefits. As a result of the predetermined treatment protocols, State Farm claims that victims injured in automobile accidents are not appropriately examined and diagnosed, and that they receive treatment for conditions they do not have, resulting in a diversion of

the No-Fault benefits that patients could have otherwise used for legitimate care.

2. Kickbacks and "Pay-to-Play" Financial Arrangements

In addition to providing medically unnecessary treatment and services, some Defendants allegedly provide kickbacks in exchange for patient referrals and have entered into other illegal "pay-to-play" financial arrangements with each other. State Farm alleges that Defendants disguise some of those kickbacks as rent. Specifically, the Metro Pain Defendants lease spaces to operate its gatekeeper clinics and then sublease those spaces to physicians and other health care professionals who provide services like chiropractic, acupuncture, and physical therapy treatment after patients' predetermined initial examinations with Metro Pain and Tri-Borough Medical. Those providers accordingly pay Metro Pain "rent" for the sublease, but State Farm alleges that the payments are intended to compensate Metro Pain for referring its patients to the providers for further treatment. For example, State Farm alleges that Metro Pain paid a monthly rent of approximately $8,500 for a particular clinic, but it received about $9,500 in "rent" payments from providers subleasing that space, which State Farm contends was not tied to the fair market value of the space. As further support, State Farm points to discrepancies in clinic usage by various providers, alleging that many providers paid the same amount in "rent" to Metro Pain even though some of them only treated patients for one to four days a month at Metro Pain's clinics, whereas others treated patients at the same locations five days a week, four weeks a

month. State Farm accordingly asserts that such payments to Metro Pain must have been for other than, or more than, simply rent, such as patient referrals.

Aside from disguised rent payments, State Farm alleges that there are many other illegal financial arrangements among Defendants that further the scheme. Pursuant to one such arrangement, Metro Pain performs every pain management and orthopedic procedure for its patients at Moshe-owned facilities such as Dynamic Surgery, HealthPlus Surgery, SurgiCare, Citimed Surgery, and Hudson Regional, and those patients receive anesthesia from Shapiro- or Moshe- owned providers. That arrangement resulted from an alleged kickback relationship between Shapiro, Moshe, Alon, and Alon's marketing company Beshert, through which Metro Pain obtains access to patients in exchange for referring patients to Moshe's Dynamic Surgery and HealthPlus Surgery ASCs, and Moshe compensates Shapiro in return. Another alleged "pay-to-play" financial arrangement is the participation agreement Beshert has with its members. Pursuant to that agreement, members pay Beshert monthly dues, with Shapiro and Metro Pain paying dues as high as $10,000 each month, and Moshe's Dynamic Surgery and HealthPlus Surgery, the only two ASCs in the Beshert network, paying $50,000 each month. As required by that membership, Metro Pain exclusively uses Moshe's ASCs for procedures and routinely refers patients for MRIs at other facilities in the Beshert network. Due to such "pay-to-play" financial arrangements and kickbacks, State Farm alleges that some Defendants are not eligible to collect No-Fault benefits.

3. Violation of Licensing Requirements

Finally, State Farm alleges that Defendants' claims are fraudulent because many Defendants operate in violation of licensing requirements. For example, although on paper Dr. Moshe owns Citimedical I and Citimed Services, her brother Moshe effectively owns and controls them in violation of New York licensing laws, such that any claims submitted by those companies are ineligible for reimbursement. As another example, State Farm alleges that Metro Pain entered into several financial arrangements with Moshe's company Med Capital, which agreed to lend up to $2.5 million to Shapiro's Metro Pain and PMR Medical. As a result of those arrangements, State Farm claims that Moshe was able to control and direct Metro Pain despite being a layperson.

State Farm also alleges that Shapiro was not a true and qualified medical director of Dynamic Surgery and HealthPlus Surgery, in violation of licensing requirements. Specifically, State Farm alleges that Shapiro was "in no position to perform his regulatory duties as a medical director because his own professional corporations were significantly expanding." *Id.* at 102. State Farm elaborates that Moshe had a pattern and practice of hiring nominal medical directors even before Shapiro. Accordingly, State Farm alleges that any claims submitted by those ASCs when Shapiro served as the nominal medical director are ineligible for reimbursement and that the alleged violations of various licensing requirements altogether render claims submitted by some Defendants fraudulent.

III. Procedural Background

State Farm filed this lawsuit in October 2021 and amended its complaint in December 2021 ("First Amended Complaint" or "FAC"). The FAC brought twenty-six claims against various Defendants under the following causes of action: (1) common law fraud; (2) aiding and abetting fraud; (3) unjust enrichment; (4) violation of RICO, 18 U.S.C. § 1962(c)–(d); and (5) declaratory relief under 28 U.S.C. § 2201. In December 2021, State Farm moved to stay all pending arbitrations and state-court proceedings brought by Defendants against it and to enjoin Defendants from commencing any new arbitrations or state court lawsuits concerning benefits provided by Defendants to patients of Metro Pain or Tri-Borough Medical. In May 2022, the district court granted the motion in part, enjoining all (1) pending arbitrations, (2) new arbitrations, and (3) new state- court proceedings, but declined to stay the pending state-court proceedings. *State Farm Mut. Auto. Ins. Co. v. Metro Pain Specialists P.C.* (*"State Farm I"*), No. 21-CV-5523 (MKB), 2022 WL 1606523, at *2 (E.D.N.Y. May 20, 2022).

In June 2022, State Farm moved for reconsideration of the district court's order declining to stay the pending state-court proceedings, and the district court denied that motion in August 2022. Defendants appealed while the motion for

reconsideration was pending. State Farm then cross-appealed.[4]

JURISDICTION

Before we can address the propriety of the preliminary injunction, we must ensure that the case is properly before this Court. Although the parties did not raise the issue of appellate jurisdiction in their briefs, we have an independent obligation to ensure that we have jurisdiction over the appeal. *See Stafford v. Int'l Bus. Machs. Corp.*, 78 F.4th 62, 68 (2d Cir. 2023). Thus, after oral argument, this Court ordered the parties to brief the issue of this Court's appellate jurisdiction.

Having reviewed the parties' submissions, we conclude that this appeal is not moot and that we have jurisdiction over the district court's orders. But before explaining the basis for our jurisdiction, we review certain aspects of the procedural history that bear directly on the question of our appellate jurisdiction.

In January 2023, while the appeal was pending in this Court, State Farm moved for leave to file a Second Amended Complaint ("SAC") in which it added sixteen new Defendants and further details about the alleged fraud. To cover the newly-added Defendants, State Farm also moved for a temporary restraining order

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[4] State Farm first filed a notice of appeal on June 29, 2022 while its motion for reconsideration was pending. After the district court resolved that motion, State Farm filed an amended notice of appeal on August 10, 2022, which included the district court's reconsideration decision.

and to modify the scope of the previously entered preliminary injunction. Chief Judge Brodie granted the temporary restraining order in February 2023 and determined that the existing preliminary injunction already applied to the new Defendants under Federal Rule of Civil Procedure 65(d)(2)(C), which makes an injunction enforceable against "persons who are in active concert or participation with" the already-enjoined Defendants. Chief Judge Brodie then referred State Farm's motion for leave to file the SAC to Magistrate Judge Peggy Kuo who granted the motion, and State Farm filed the SAC on August 17, 2023.

Then, in September 2023, Chief Judge Brodie denied State Farm's motion to modify the scope of the existing preliminary injunction. Referring back to her prior decision granting the temporary restraining order, Chief Judge Brodie stated that because the existing injunction already covered the newly-added Defendants, there was no need to modify the injunction. She elaborated that "each of the newly-added entities is closely associated with or controlled by one or more of the existing Defendants, while each of the newly-added individuals owns an entity alleged to have provided unnecessary treatments under the challenged scheme." *State Farm Mut. Auto. Ins. Co. v. Metro Pain Specialists P.C.* (*"State Farm II"*), No. 21-CV-5523 (MKB), 2023 WL 7181653, at *4 (E.D.N.Y. Sept. 13, 2023). Thus, the district court declined to modify the preliminary injunction, which remains unchanged since the district court granted it in May 2022.

Those developments occurred while the appeal was pending in this Court, so the precise question before us

is whether the SAC renders this appeal moot. We conclude that the appeal is not moot. To avoid mootness, there must be an "actual controversy" through which the parties can obtain some relief from the court, and that controversy must exist "through all stages of the litigation." *See Already, LLC v. Nike, Inc.*, 568 U.S. 85, 90–91 (2013) (internal quotation marks omitted). "A case becomes moot . . . when the issues presented are no longer live or the parties lack a legally cognizable interest in the outcome." *Id.* at 91 (internal quotation marks omitted). In other words, and as relevant here, the preliminary injunction must still be effective, and there must be something left for the court to do.

Generally, "[o]nce an amended pleading is interposed, the original pleading no longer performs any function in the case." *Laza v. Reish*, 84 F.3d 578, 581 (2d Cir. 1996) (internal quotation marks omitted). Building upon that understanding, a growing number of unpublished decisions from this Court have concluded that the "filing of an amended complaint will generally moot a pending appeal when . . . the appeal would require the Court to analyze factual allegations contained in the superseded complaint." *Medidata Sols., Inc. v. Veeva Sys. Inc.*, 748 F. App'x 363, 365 (2d Cir. 2018) (summary order); *see also Tripathy v. McClowski*, No. 21-3094, 2022 WL 2069228, at *2 (2d Cir. June 9, 2022) (summary order) (holding that the appeal of a preliminary injunction was moot because the amended complaint filed while the appeal was pending requested new injunctive relief); *Adamou v. Doyle*, 674 F. App'x 50, 52 (2d Cir. 2017) (summary order) (ruling that the "appeal became moot upon the filing of the . . . amended complaint because the

operative facts changed" and the Court therefore "lack[ed] jurisdiction to review an order that was based on an old universe of facts").

As these cases suggest, the filing of an amended complaint will generally moot the appeal of a preliminary injunction, because an amended complaint will commonly "change[]" the "operative facts," *Adamou*, 674 F. App'x at 52, on which the district court based the injunction. As a result, once a new set of facts is alleged, there is typically no point in assessing whether the now-superseded "universe of facts," *id.*, supported the injunction.

But that will not invariably be the case. Two of our sister courts of appeals, in determining whether such appeals are moot, have analyzed whether the revised pleadings in fact affect the substantive basis for a district court's order. *See Auto Driveaway Franchise Sys., LLC v. Auto Driveaway Richmond, LLC*, 928 F.3d 670, 674–75 (7th Cir. 2019) (concluding that the appeal was not moot because the "new pleadings did no more than to add" a party and "had no effect on [the plaintiff's] basic grievance"); *see also Johnson v. 3M Co.*, 55 F.4th 1304, 1309 (11th Cir. 2022) (determining that the court had jurisdiction over the appeal of an immunity order because the "key point" was that the amended complaint did not change the allegations on which the immunity defense was based, "leav[ing] the status of th[e] appeal of the immunity order unaffected").

We agree with that reasoning and conclude that whether a revised pleading renders an appeal moot turns on whether that pleading materially changes

the substantive basis for the appeal. Here, the SAC borrows heavily from the FAC, with the primary difference between the two complaints being that the SAC adds sixteen Defendants and further details about the alleged fraudulent scheme. The newly-added Defendants do not meaningfully alter the substantive basis of the appeal because, as the district court found, they are either closely associated with or controlled by the existing Defendants, or provided unnecessary treatments under the scheme. Neither party disputes that finding on appeal.

As for the additional allegations included in the SAC, the most significant difference appears to be that the scheme is now described as revolving around Moshe instead of the Metro Pain Defendants. But even that does not alter State Farm's basic grievance that Defendants allegedly operate a complex scheme to fraudulently obtain No-Fault benefits by, *inter alia*, providing unnecessary treatment and services and kickbacks for patient referrals. Moreover, both the SAC and FAC allege that Moshe played an important role in the scheme, with the SAC merely placing greater emphasis on his role. Any other additional allegations in the SAC operate to further strengthen State Farm's claims. Tellingly, the May 2022 preliminary injunction remains predicated on the FAC, as the district court declined to amend it in any way based on the additional allegations in the SAC. Thus, although the FAC is no longer the operative complaint governing further proceedings in the district court, the issues on appeal remain unaffected by that change, and the propriety of the injunction does not turn on any change effected by the SAC.

The preliminary injunction thus remains in place, unmodified, and continues to constrain Defendants by preventing them from commencing new arbitrations and state-court litigation and proceeding with the pending arbitrations. In other words, Defendants are still aggrieved by the preliminary injunction even after the filing of the SAC. Accordingly, we conclude that this appeal is not moot, and we have jurisdiction over it.[5]

MERITS DISCUSSION

I. Standards of Review

We review the grant or denial of a preliminary injunction for abuse of discretion. *Sunward Elecs., Inc. v. McDonald*, 362 F.3d 17, 24 (2d Cir. 2004). "A district court 'abuses' or 'exceeds' the discretion accorded to it when (1) its decision rests on an error of law . . . or a clearly erroneous factual finding, or (2) its decision—though not necessarily the product of a legal error or a clearly erroneous factual finding—cannot be located

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[5] Although the SAC does not divest us of appellate jurisdiction, we review only the FAC in this opinion to determine the propriety of the preliminary injunction because the district court granted the injunction based on the FAC. *See Deeper Life Christian Fellowship, Inc. v. Sobol*, 948 F.2d 79, 81 (2d Cir. 1991) (where a district court issued a preliminary injunction and the plaintiff thereafter amended the complaint, the Court "considered only the original complaint" on appeal). In any event, our conclusion that the district court did not abuse its discretion in granting a preliminary injunction is not altered by the SAC, which primarily includes *additional* detail beyond the allegations already included in the FAC.

within the range of permissible decisions." *Zervos v. Verizon New York, Inc.*, 252 F.3d 163, 169 (2d Cir. 2001) (footnote omitted). That said, "[w]here allegations of error in a preliminary injunction involve questions of law, our review is *de novo*." *Briggs v. Bremby*, 792 F.3d 239, 241 (2d Cir. 2015). Thus, we review the district court's decision to grant the preliminary injunction here for abuse of discretion but review its interpretation of the FAA and AIA *de novo*. *See Cedeno v. Sasson*, 100 F.4th 386, 393 (2d Cir. 2024) (FAA); *Wyly v. Weiss*, 697 F.3d 131, 137 (2d Cir. 2012) (AIA).

II. Analysis

We first consider Defendants' appeal, which challenges (1) the propriety of the preliminary injunction issued by the district court and (2) the district court's conclusion that the arbitrations can be enjoined, notwithstanding the FAA. Then, we consider State Farm's cross-appeal, which challenges the district court's conclusion that the pending state-court proceedings cannot be enjoined under the AIA.

A. Preliminary Injunction

First, Defendants challenge the preliminary injunction insofar as it stays the pending arbitrations and enjoins them from commencing any new arbitrations or state-court proceedings. A preliminary injunction "'is an extraordinary and drastic remedy, one that should not be granted unless the movant, by a clear showing, carries the burden of persuasion.'" *Moore v. Consol. Edison Co. of New York*, 409 F.3d 506, 510 (2d Cir. 2005), quoting *Mazurek v. Armstrong*, 520

U.S. 968, 972 (1997). To obtain a preliminary injunction, a party must show "(1) irreparable harm; (2) either a likelihood of success on the merits or both serious questions on the merits and a balance of hardships decidedly favoring the moving party; and (3) that a preliminary injunction is in the public interest." *North American Soccer League, LLC v. United States Soccer Fed'n*, 883 F.3d 32, 37 (2d Cir. 2018). Because under the "serious questions" standard a party would have to demonstrate both serious questions on the merits and a balance of hardships decidedly favoring the moving party, the "overall burden is no lighter than the one [the party] bears under the 'likelihood of success' standard." *Citigroup Glob. Mkts., Inc. v. VCG Special Opportunities Master Fund Ltd.*, 598 F.3d 30, 35 (2d Cir. 2010).

Defendants argue that the district court abused its discretion in granting the preliminary injunction. We disagree.

1. Irreparable Harm

The irreparable harm requirement is "'the single most important prerequisite for the issuance of a preliminary injunction.'" *Faiveley Transp. Malmo AB v. Wabtec Corp.*, 559 F.3d 110, 118 (2d Cir. 2009), quoting *Rodriguez v. DeBuono*, 175 F.3d 227, 234 (2d Cir. 1999). This requirement must therefore be satisfied before the other requirements for an injunction can be considered. *Kamerling v. Massanari*, 295 F.3d 206, 214 (2d Cir. 2002). To make this showing, the moving party "'must demonstrate that absent a preliminary injunction [it] will suffer an injury that is neither remote nor speculative, but actual and

imminent, and one that cannot be remedied if a court waits until the end of trial to resolve the harm.'" *Faiveley*, 559 F.3d at 118, quoting *Grand River Enter. Six Nations, Ltd. v. Pryor*, 481 F.3d 60, 66 (2d Cir. 2007). Thus, irreparable harm exists "where, but for the grant of equitable relief, there is a substantial chance that upon final resolution of the action the parties cannot be returned to the positions they previously occupied." *Brenntag Int'l Chems., Inc. v. Bank of India*, 175 F.3d 245, 249 (2d Cir. 1999). But "[w]here there is an adequate remedy at law, such as an award of money damages, injunctions are unavailable except in extraordinary circumstances." *Moore*, 409 F.3d at 510. Therefore, the moving party must show that "there is a continuing harm which cannot be adequately redressed by final relief on the merits and for which money damages cannot provide adequate compensation." *Kamerling*, 295 F.3d at 214 (internal quotation marks omitted).

In this case, the district court determined that State Farm satisfied the irreparable harm requirement because "the global and intertwined nature of the fraud is effectively obscured in the fragmented state-court proceedings and arbitrations due to an incomplete factual record, in addition to the risk of inconsistent judgments, frustration of declaratory judgment relief, and possible preclusive effect." *State Farm I*, 2022 WL 1606523, at *19 (internal quotation marks and alterations omitted). The district court also noted that the parties are currently in the midst of thousands of pending arbitrations, and Defendants are likely to initiate new arbitrations and lawsuits to recover unpaid claims.

We discern no error, much less an abuse of discretion, in the district court's conclusion that State Farm satisfied the irreparable harm requirement. To begin, State Farm plausibly alleges that the arbitrations and state-court proceedings often involve single claims for a single date of service, so that these fragmented proceedings end up obscuring what State Farm contends is an elaborate and complex fraudulent scheme. Although a state court or arbitrator reviewing an individual claim may conclude that the claim involves necessary medical treatment under the No-Fault Act, State Farm sufficiently alleges that the massive fraudulent scheme here becomes apparent only when the claims are analyzed altogether. That is, to prove up allegations of a predetermined treatment protocol, a reviewing court or arbitrator must consider whether Defendants have repeatedly provided the same treatment or services to several patients regardless of their actual medical needs, which is exceedingly difficult to establish in a proceeding on a single claim. Put another way, Defendants' alleged fraudulent scheme is not readily apparent when viewed on an individual claim-by-claim basis, and the arbitrations and state-court proceedings therefore help to insulate the alleged fraud from detection.

That risk of harm is amplified by the potential preclusive effect of the state- court proceedings and arbitrations. It is settled law that state-court judgments can have a preclusive effect in federal court. *See Whitfield v. City of New York*, 96 F.4th 504, 522 (2d Cir. 2024) (noting that federal courts are required "to give to a state-court judgment the same preclusive effect as would be given that judgment under the law of the State in which the judgment was rendered"

(internal quotation marks omitted)). It is likewise settled "that res judicata and collateral estoppel apply to issues resolved by arbitration where there has been a final determination on the merits, notwithstanding a lack of confirmation of the award." *Jacobson v. Fireman's Fund Ins. Co.*, 111 F.3d 261, 267–68 (2d Cir. 1997) (internal quotation marks omitted); *see also Benjamin v. Traffic Exec. Ass'n E. Railroads*, 869 F.2d 107, 110 (2d Cir. 1989) ("[T]he findings of arbitration boards can serve as the basis for collateral estoppel in a federal court proceeding."). In fact, the No-Fault Act specifically provides that "[a]n award by an arbitrator shall be binding." N.Y. Ins. Law § 5106(c). Because the arbitrations and state-court proceedings here could determine that certain claims were reimbursable based on findings of medical necessity for individual patients, those decisions could have a preclusive effect in this action, thereby preventing complete relief to State Farm if it is so entitled. *See Benjamin*, 869 F.2d at 114 (noting a sister circuit's decision holding that "arbitration findings may be given collateral estoppel effect over issues in a RICO claim"). Of course, whether such findings will in fact be preclusive will depend on the precise circumstances of the proceedings. For example, courts determining the preclusive effect of arbitrations consider whether the procedures employed adequately protected the rights of the parties and whether an arbitrator's decision and rationale can be determined with "clarity and certainty." *See Postlewaite v. McGraw-Hill*, 333 F.3d 42, 48–49 (2d Cir. 2003) (internal quotation marks and emphasis omitted). But it is premature at this point to attempt to ascertain the definitive preclusive effect of such proceedings because our task at this juncture is solely to determine whether there is a sufficient

showing of a risk of irreparable harm absent an injunction. We believe there is.

Those harms also threaten to continue absent an injunction. To establish irreparable harm, the moving party must show "a *continuing* harm which cannot be adequately redressed by final relief on the merits." *Kamerling*, 295 F.3d at 214 (internal quotation marks omitted and emphasis added). Without the preliminary injunction currently in place, Defendants would continue bringing new actions to recover the remaining unpaid claims for No-Fault benefits, which total around $9 million as of December 2021. State Farm contends that Defendants use those very proceedings "to monetize their fraud against the State Farm Companies," such that they are "essentially financing their fraudulent practices with proceeds paid by" State Farm. Appellees' Br. 37–38. Thus, we conclude that State Farm has sufficiently demonstrated a risk of irreparable harm that threatens to continue absent an injunction.

Allstate Insurance Co. v. Harvey Family Chiropractic, on which Defendants place principal reliance, is not to the contrary. 677 F. App'x 716 (2d Cir. 2017) (summary order). In that case, an insurer brought a RICO action alleging that the defendants presided over an enterprise that fraudulently received No-Fault benefits because the key defendant was illegally organized. *See id.* at 717. The insurer also sought a preliminary injunction preventing the defendants from proceeding with pending state-court proceedings and from commencing any new arbitrations or lawsuits, which the district court denied on the basis that it lacked the authority to issue the

injunction under the AIA. *See id.* We affirmed in a summary order on a different ground, concluding that plaintiffs had failed to establish the irreparable harm required for a preliminary injunction because there was no evidence that "plaintiffs cannot be fully compensated through money damages for the alleged harm suffered from the defendants' fraudulent claims." *Id.* at 718. We explained that "mere injuries . . . in terms of money, time and energy . . . are not enough to establish irreparable harm." *Id.* (internal quotation marks omitted).

Although both cases involve allegations of fraudulent claims for No-Fault benefits, *Harvey* is readily distinguishable from the instant action.[6] To begin, the nature and complexity of the fraudulent scheme in each case is meaningfully different. The insurer in *Harvey* alleged that the No-Fault claims submitted by the defendants there were fraudulent because the key defendant was illegally organized, *see id.* at 717, whereas, here, State Farm alleges that Defendants have engaged in a massive and highly complex scheme involving predetermined treatment protocols to justify unnecessary treatment across a

[6] Separately, we note that our summary orders do not have precedential effect because such orders "frequently do not set out the factual background of the case in enough detail to disclose whether its facts are sufficiently similar to those of a subsequent unrelated case to make our summary ruling applicable to the new case." *Jackler v. Byrne*, 658 F.3d 225, 244 (2d Cir. 2011); *see also* 2d Cir. Local R. 32.1.1(a). *Harvey* is one such case, with its brief description of the facts limiting the meaningful comparisons we can draw to the instant action.

myriad of providers, kickbacks for patient referrals, and violations of licensing laws. That distinction affects the irreparable harm analysis because the allegation in *Harvey* (illegal organization) can be more easily established in arbitrations and state- court proceedings for individual claims in comparison to the complex allegations here which are obscured in such piecemeal proceedings. Moreover, *Harvey* primarily focused on economic harms and did not discuss the potential preclusive effects of the arbitrations and state-court proceedings. *See id.* at 718.

Furthermore, we review the decision to grant or deny a preliminary injunction for abuse of discretion, not *de novo*. *Sunward Elecs.*, 362 F.3d at 24. *Harvey* is therefore also distinguishable because the district court there *denied* a preliminary injunction, whereas the district court here *granted* an injunction, and we analyze whether those decisions can "be located within the range of permissible decisions." *Zervos*, 252 F.3d at 169. We think the district court's decision here can, and we therefore conclude that the district court did not abuse its discretion in concluding that State Farm satisfied the irreparable harm requirement.

2. Serious Questions on the Merits

Second, State Farm must demonstrate "either a likelihood of success on the merits" or "serious questions on the merits." *North American Soccer League*, 883 F.3d at 37. "The 'serious questions' standard permits a district court to grant a preliminary injunction in situations where it cannot determine with certainty that the moving party is more likely than not to prevail on the merits of the

underlying claims, but where the costs outweigh the benefits of not granting the injunction." *Citigroup*, 598 F.3d at 35. This standard is also frequently referred to as the "fair ground for litigation" standard. *Able v. United States*, 44 F.3d 128, 131 (2d Cir. 1995).

Before resolving whether this standard is satisfied here, we address Defendants' contention that the district court erred in relying on unsworn and unverified allegations to determine that there were serious questions going to the merits. We have previously explained that "'there is no hard and fast rule in this circuit that oral testimony must be taken on a motion for a preliminary injunction or that the court can in no circumstances dispose of the motion on the papers before it.'" *Maryland Cas. Co. v. Realty Advisory Bd. on Lab. Rels.*, 107 F.3d 979, 984 (2d Cir. 1997), quoting *Consol. Gold Fields PLC v. Minorco, S.A.*, 871 F.2d 252, 256 (2d Cir. 1989). Although there should generally be an evidentiary hearing when essential facts are in dispute, *see id.*, "[a] party may . . . waive its right to an evidentiary hearing," *Charette v. Town of Oyster Bay*, 159 F.3d 749, 755 (2d Cir. 1998).

Defendants do not appear to have requested an evidentiary hearing on the preliminary injunction motion in the district court, and they have thus forfeited their right to such a hearing. Moreover, although the district court could have cultivated a fuller record by conducting an evidentiary hearing, it has greater flexibility to resolve the motion on the papers when it relies on the "serious questions" standard as opposed to the more rigorous "likelihood of success" standard. The "serious questions" standard allows courts to "assess[] the merits of a claim at the

preliminary injunction stage" by affording considerable "flexibility in the face of varying factual scenarios and the greater uncertainties inherent at the outset of particularly complex litigation." *Citigroup*, 598 F.3d at 35 (internal quotation marks omitted). Put another way, this standard "accommodates the needs of the district courts in confronting motions for preliminary injunctions in factual situations that vary widely in difficulty and complexity." *Id.* at 38. And while we have noted above that the alternative showings that can warrant a preliminary injunction are overall of comparable difficulty, as to the substantive components of those alternatives, we have repeatedly recognized that "there can be no doubt . . . that the likelihood-of-success standard is more rigorous than the serious-questions standard." *Trump v. Deutsche Bank AG*, 943 F.3d 627, 637 n.22 (2d Cir. 2019) (collecting cases), vacated and remanded on other grounds sub nom. *Trump v. Mazars USA, LLP*, 591 U.S. 848 (2020); *see also Citigroup*, 598 F.3d at 38 (describing the "serious questions" standard as "the more flexible standard for a preliminary injunction"). The significance of this flexibility is that courts applying the "serious questions" standard have the discretion to rely on the pleadings and accompanying affidavits, particularly when no party has requested an evidentiary hearing, to resolve preliminary injunction motions, provided that the movant has raised "questions going to the merits so serious, substantial, difficult and doubtful, as to make them a fair ground for litigation and thus for more deliberate investigation." *Hamilton Watch Co. v. Benrus Watch Co.*, 206 F.2d 738, 740 (2d Cir. 1953). "A determination not to hold an evidentiary hearing is reviewed for abuse of discretion." *United States v. Amico*, 486 F.3d

764, 779 (2d Cir. 2007). The district court here did not abuse its discretion in determining that the record before it was sufficient to allow it to decide, without a hearing and solely on the papers before it, that there was a fair ground for litigation.

We further conclude that the district court did not err in determining that State Farm demonstrated sufficiently serious questions going to the merits. In the 159-page FAC, State Farm alleges in substantial detail that Defendants have participated in an elaborate RICO scheme spanning several years. The allegations describe a web of interconnected relationships among the various Defendants, illegal financial arrangements tying many of the Defendants together, medically unnecessary treatment and services provided to patients, and unauthorized ownership or operation of medical facilities by some Defendants.

In particular, State Farm's allegations describe the (1) history and operation of the four "gatekeeper clinics" and the specific amounts in "rent" kickbacks that providers paid for patient referrals at each of those locations; (2) predetermined treatment protocols utilized at the gatekeeper clinics and unnecessary medical care further provided to patients, including the precise medical procedures, devices, and treatments rendered; (3) operation of medical facilities by unauthorized laypersons like Alon and Moshe; and (4) illegal financial relationships among Defendants for patient referrals, exclusive rights to perform certain procedures, and otherwise fraudulent methods to obtain No-Fault benefits. State Farm also attached approximately 360 pages in exhibits to the FAC demonstrating the alleged predetermined treatment

protocols utilized to provide treatment to virtually every patient regardless of their actual needs. Those exhibits include detailed charts on individual patients identifying the claim number, gatekeeper clinic the patient visited, number of office visits, medical findings (*e.g.*, neck pain, low back pain, etc.), and exact treatment and care billed to State Farm (*e.g.*, physical therapy, chiropractic care, acupuncture, MRIs, cervical collars, etc.). The exhibits also include initial examination reports describing patients' treatment plans, documents ordering tests, services, and devices for patients, follow-up reports regularly ordering the continuation of allegedly unnecessary treatment, and other treatment notes from providers.

That is not all. State Farm also attached an affidavit and exhibits to its preliminary injunction motion detailing the number of pending arbitrations and state-court proceedings that Defendants had filed. Defendants responded to State Farm's motion and attached multiple declarations in opposition. The district court then evaluated that record and concluded that the allegations were sufficiently serious, detailed, and complex, making them fair ground for litigation and for additional investigation. We find no error or abuse of discretion in that conclusion.

3. Balance of Hardships

Third, we consider whether State Farm demonstrated that the balance of hardships tips decidedly in its favor. *See Citigroup*, 598 F.3d at 35. In determining whether State Farm has satisfied this requirement, "we must 'balance the competing claims of injury and must consider the effect on each party of

the granting or withholding of the requested relief.'" *Yang v. Kosinski*, 960 F.3d 119, 135 (2d Cir. 2020), quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008). This factor is "related" to the irreparable harm requirement as "both . . .consider the harm to the parties" with the relevant harm being that which "(a) occurs to the parties' legal interests and (b) cannot be remedied after a final adjudication, whether by damages or a permanent injunction." *Salinger v. Colting*, 607 F.3d 68, 81 (2d Cir. 2010) (footnote omitted).

Defendants argue that in balancing the hardships, the district court failed to consider the financial impact of an injunction on them given the millions of dollars in unpaid bills and the risk of policy exhaustion resulting from the $50,000 limit on patients' No-Fault benefits. But the district court expressly considered the economic impact on Defendants and weighed that hardship against the thousands of arbitrations and state-court proceedings State Farm faces absent an injunction. The district court noted that unlike State Farm, Defendants do not "face a similar level of uncertainty in their competing concern of policy exhaustion" and acknowledged "the impact of the COVID-19 pandemic on the healthcare industry," but concluded that Defendants could recover any balance owed plus interest if they eventually prevail on the merits. *State Farm I*, 2022 WL 1606523, at *20–22. Defendants undoubtedly face some hardship as relatively small companies or individual medical providers. But State Farm raises serious and substantial allegations that demonstrate actual and imminent irreparable harm absent an injunction, whereas Defendants' alleged hardships of economic

impact can be remedied by monetary damages should they later prevail. *See Kamerling*, 295 F.3d at 214. Accordingly, Defendants' arguments evince plausible disagreement with the district court's balancing of the hardships, but the balance reached by the district court falls squarely within its discretion. *See Zervos*, 252 F.3d at 169.

4. Public Interest

Fourth, we consider whether the preliminary injunction is in the public interest, which concerns the "public consequences in employing the extraordinary remedy of injunction." *Yang*, 960 F.3d at 135–36 (internal quotation marks omitted). Preventing fraud, especially the kind of elaborate and complex RICO scheme alleged here, is plainly in the public interest. *See Allstate Ins. Co. v. Mun*, 751 F.3d 94, 100 (2d Cir. 2014) (stating that "the prevention of insurance fraud for the protection of consumers in New York" is an "important public policy interest" (internal quotation marks omitted)); *Perl v. Meher*, 18 N.Y.3d 208, 214 (2011) ("No-fault abuse still abounds today. In 2010, no-fault accounted for 53% of all fraud reports received by the Insurance Department.").

New York's No-Fault regime is aimed at ensuring prompt compensation for victims of automobile accidents without regard for fault. Insurers are integral components of that expedited regime as they are uniquely positioned to combat the depletion of public resources caused by fraudulent claims for No-Fault benefits. To that end, New York requires most insurers to implement anti-fraud measures by preparing plans "for the detection, investigation and

prevention of fraudulent insurance activities" in the state. N.Y. Ins. Law § 409(a). Among other things, the fraud prevention plans must provide for the "coordination with other units of an insurer for the *investigation and initiation of civil actions* based upon information received by or through the[ir] special investigation unit." *Id.*§ 409(c)(4) (emphasis added). That public interest in detecting and preventing insurance fraud is thwarted, however, when insurers like State Farm find themselves facing thousands of arbitrations and state-court proceedings for the reimbursement of individual claims for No-Fault benefits into which "[c]omplex fraud and RICO claims . . . cannot be shoehorned." *Mun*, 751 F.3d at 99. Thus, we conclude that the district court did not err in granting a preliminary injunction to preserve State Farm's ability to prove its allegations of a complex fraudulent scheme involving insurance benefits, which is clearly in the public interest. The district court therefore did not abuse its discretion in determining that a preliminary injunction was warranted here.

5. Security Bond

Finally, the MRI and ASC Defendants argue that the district court erred in declining to require State Farm to post a bond.[7] We disagree. Federal Rule of Civil Procedure 65(c) provides that a "court may issue a preliminary injunction … only if the movant gives security in *an amount that the court considers proper* to pay the costs and damages sustained by any party

[7] The Metro Pain Defendants do not challenge the district court's refusal to require security.

found to have been wrongfully enjoined or restrained." (Emphasis added). Courts have the discretion, however, to require no security at all depending on the specific circumstances. *See Corning Inc. v. PicVue Elecs., Ltd.*, 365 F.3d 156, 158 (2d Cir. 2004); *see also Doctor's Assocs., Inc. v. Stuart*, 85 F.3d 975, 985 (2d Cir. 1996) (explaining that district courts have wide discretion in determining whether to require a security).

Here, the MRI and ASC Defendants argue that the district court erred because other district courts have sometimes required plaintiff insurers to post bond in actions involving No-Fault benefits. But that does not mean that the district court's decision here involved an error of law or a clearly erroneous factual finding, or cannot otherwise be located within the range of permissible decisions. *See Zervos*, 252 F.3d at 169. Rule 65(c)'s security requirement is designed to "assure[] the enjoined party that it may readily collect damages from the funds posted in the event that it was wrongfully enjoined, and that it may do so without further litigation and without regard to the possible insolvency of the plaintiff." *Nokia Corp. v. InterDigital, Inc.*, 645 F.3d 553, 557 (2d Cir. 2011). The district court did not abuse its discretion in finding that "Defendants may readily collect damages from Plaintiffs" should they prevail as there is no evidence to the contrary. *State Farm I*, 2022 WL 1606523, at *22 (referencing Plaintiffs' statement that they "undoubtedly have the ability to pay Defendants' claims, plus any interest owed"). Thus, the district court did not abuse its discretion by not requiring State Farm to post security.

B. Federal Arbitration Act

Having determined that the district court's grant of the preliminary injunction meets the standards generally applicable to such provisional relief, we turn to Defendants' remaining contention, that the FAA prohibits injunctions barring them from instituting or proceeding with arbitrations. That is a question of law that we review *de novo*. *See Briggs*, 792 F.3d at 241. Originally enacted in 1925, the FAA aimed to "reverse the longstanding judicial hostility to arbitration agreements that had … been adopted by American courts, and to place arbitration agreements upon the same footing as other contracts." *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20, 24 (1991). Accordingly, Section 2 of the FAA provides that agreements to arbitrate controversies arising out of a contract "shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract." 9 U.S.C. § 2. Section 3 of the FAA then "provides for stays of proceedings in federal district courts when an issue in the proceeding is referable to arbitration," and Section 4 provides "for orders compelling arbitration when one party has failed, neglected, or refused to comply with an arbitration agreement." *Gilmer*, 500 U.S. at 25; *see also* 9 U.S.C. §§ 3–4. Those provisions evince a "policy [designed] to make arbitration agreements as enforceable as other contracts, but not more so." *Morgan v. Sundance, Inc.*, 596 U.S. 411, 418 (2022) (internal quotation marks omitted).

New York's No-Fault Act specifies that "[e]very insurer shall provide a claimant with the option of submitting any dispute involving the insurer's liability to pay first party benefits, or additional first party

benefits, the amount thereof or any other matter which may arise pursuant to subsection (a) of this section to arbitration pursuant to simplified procedures." N.Y. Ins. Law § 5106(b). The No-Fault Act's implementing regulations further require that insurers include a "[m]andatory personal injury protection endorsement" in their liability policies providing that "[i]n the event any person making a claim for first-party benefits and the [insurer] do not agree regarding any matter relating to the claim, such person shall have the option of submitting such disagreement to arbitration." N.Y. Comp. Codes R. & Regs. tit. 11, § 65-1.1. The automobile insurance policies State Farm issued to Defendants' patients complied with the "statutory requirement of providing [State Farm's] insureds with the option to arbitrate the denial of their claims." Tri-Borough Medical Reply Br. at 1.

We apply "a two-part test to determine the arbitrability of claims," considering "(1) whether the parties have entered into a valid agreement to arbitrate, and, if so, (2) whether the dispute at issue comes within the scope of the arbitration agreement." *In re Am. Express Fin. Advisors Sec. Litig.* (*"American Express"*), 672 F.3d 113, 128 (2d Cir. 2011). The parties here dispute only the first part of this test, disagreeing about whether the arbitration agreement was "privately negotiated" and therefore valid and enforceable. The Supreme Court has acknowledged that "the purpose behind [the FAA's] passage was to ensure judicial enforcement of privately made agreements to arbitrate," and the FAA therefore provides for the enforcement of "privately negotiated arbitration agreements." *Dean Witter Reynolds, Inc. v. Byrd*, 470 U.S. 213, 219 (1985). That axiom recognizes

that "an obligation to arbitrate can be based only on consent," because like any other contract, a party cannot be required to arbitrate a dispute that it has not agreed to arbitrate. *Sokol Holdings, Inc. v. BMB Munai, Inc.*, 542 F.3d 354, 358 (2d Cir. 2008). Thus, it is "essentially only by making a commitment to arbitrate that one gives up the right of access to a court of law in favor of arbitration," which is most frequently done "by entering into an agreement to arbitrate or by entering into a relationship which is *governed* by an agreement to arbitrate." *Id.* (emphasis added).

Here, the district court agreed with State Farm that because the arbitration provision is mandated by New York law, it is not "privately negotiated" and is therefore unenforceable under the FAA. Defendants respond that the arbitration provision is "privately negotiated" because State Farm chose to do business in New York and therefore agreed to be bound by its laws, including the No-Fault Act.

The parties' and district court's focus on the "privately negotiated" requirement, however, is misguided. Because "[p]ersons are generally entitled to have their dispute settled by the ruling of a court of law," the "privately negotiated" requirement is aimed at ensuring that persons are subjected to arbitration only if they have *consented* to arbitrate. *See id.* ("It is black letter law that an obligation to arbitrate can be based only on consent."). In other words, this requirement is intended to protect parties who may have been coerced or defrauded into forgoing their opportunity to bring claims in court, not to render arbitration agreements invalid simply because they were mandated by state insurance law. *Cf. American*

Express, 672 F.3d at 128 (noting that a company had "consented to arbitrate with its customers" "by virtue of its membership in" a self-regulatory organization).

That understanding of the "privately negotiated" requirement finds further support in other cases concluding that even adhesion contracts containing arbitration provisions that were offered on a take-it-or-leave-it basis are not necessarily invalid. *See, e.g.*, *Gilmer*, 500 U.S. at 33 (holding that an arbitration agreement was enforceable even when an employer required arbitration because there was no indication that the employee was "coerced or defrauded into agreeing to the arbitration clause"); *Ragone v. Atl. Video Manhattan Ctr.*, 595 F.3d 115, 122 (2d Cir. 2010) (rejecting the argument that an arbitration agreement was signed under "procedurally unconscionable" conditions because it was offered on a take-it-or-leave-it basis). We have even enforced arbitration agreements against non-signatories in certain situations. *See Ross v. Am. Express Co.*, 478 F.3d 96, 99 (2d Cir. 2007) (noting that this Court has "recognized a number of common law principles of contract law that may allow non-signatories to enforce an arbitration agreement"). Thus, the crux of the "privately negotiated" requirement is to ensure that parties consent to arbitration and are not coerced or defrauded into agreeing to arbitrate.

There was no such coercion here. It is undisputed that State Farm and the insureds knowingly agreed to enter into insurance policies that included a provision to arbitrate certain disputes regarding No-Fault benefits. There is no allegation that the arbitration provision was extracted by fraud, coercion, duress, or

in some other unconscionable way that would render the provision invalid. Moreover, State Farm *chose* to do business in New York, and that choice requires it to comply with New York law (including the No-Fault Act). Thus, State Farm and the insureds both "*agreed in advance* to submit such grievances to arbitration," *AT & T Techs., Inc. v. Commc'ns Workers of Am*, 475 U.S. 643, 648–49 (1986) (emphasis added), and their relationship is "*governed* by an agreement to arbitrate," *Sokol*, 542 F.3d at 358 (emphasis added).

State Farm would have us hold that an agreement to arbitrate is not "privately negotiated" solely because governing law mandates such arbitration. In its view, and in the view of the district court, an arbitration agreement lacks consent where applicable law requires parties to arbitrate because the provision was not "bargained for." We decline to adopt an interpretation of the "privately negotiated" requirement that would have such sweeping consequences. Not only would such an interpretation call into question the validity of all sorts of arbitration agreements that are required by federal or state law, but those consequences may even extend to other types of contractual terms that are mandated by law. That cannot be what Congress intended in enacting the FAA. Thus, given that both State Farm and the insureds consented to policies that include arbitration provisions, we conclude that the provisions here are "privately negotiated" under the FAA.

But although we depart from the district court's conclusion on this specific issue, we nonetheless agree with the district court that it was permitted to enjoin the arbitrations, notwithstanding the FAA, because of

the unique circumstances in this case. Although the FAA provides for the enforcement of arbitration agreements, *see* 9 U.S.C. §§ 2–4, there are exceptions to that general rule. Developed by the Supreme Court, the "effective vindication" doctrine is a judge-made exception to the FAA that invalidates, "on public policy grounds, arbitration agreements that operate as a prospective waiver of a party's right to pursue statutory remedies." *Am. Express Co. v. Italian Colors Rest.*, 570 U.S. 228, 235 (2013) (internal quotation marks, alterations, and emphasis omitted).[8] The "effective vindication" exception to the FAA originated in *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, where the Supreme Court noted that although statutory claims can be the subject of arbitration agreements, "not … all controversies implicating statutory rights are suitable for arbitration." 473 U.S. 614, 627 (1985). The Court further explained that "[b]y agreeing to arbitrate a statutory claim, a party does not forgo the substantive rights afforded by the statute; it only submits to their resolution in an arbitral, rather than a judicial, forum." *Id.* at 628; *see also Viking River*

[8] The "effective vindication" doctrine is different from the analysis of whether the FAA's mandate has been overridden by a "contrary congressional command." *See Italian Colors*, 570 U.S. at 233–35 (stating that the Court's "finding of no 'contrary congressional command' does not end the case" as the respondents had also invoked the "effective vindication" doctrine). The Supreme Court has already held that civil "RICO's text and legislative history fail to reveal any intent to override the provisions of the Arbitration Act." *Shearson/Am. Express, Inc. v. McMahon*, 482 U.S. 220, 239 (1987). Thus, we only consider whether the "effective vindication" doctrine applies here.

Cruises, Inc. v. Moriana, 596 U.S. 639, 653 (2022) ("An arbitration agreement thus does not alter or abridge substantive rights; it merely changes how those rights will be processed."). Therefore, "so long as the prospective litigant *effectively may vindicate* its statutory cause of action in the arbitral forum, the statute will continue to serve both its remedial and deterrent function." *Mitsubishi Motors*, 473 U.S. at 637 (emphasis added).

The "effective vindication" exception serves as a way to "reconcile[] the … FAA … with all the rest of federal law" and "prevent arbitration clauses from choking off a plaintiff's ability to enforce congressionally created rights." *Italian Colors*, 570 U.S. at 240 (Kagan, J., dissenting). The exception therefore furthers the purposes of the FAA, which "reflects a federal policy favoring" the enforcement of valid contracts for arbitration – "that is, arbitration as a streamlined 'method of resolving disputes,' not as a foolproof way of killing off valid claims." *Id.* at 243–44, quoting *Rodriguez de Quijas v. Shearson/American Express, Inc.*, 490 U. S. 477, 481 (1989). The exception accordingly stems from the principle that other federal statutes are on equal footing with the FAA.

Although the Supreme Court has so far declined to apply the "effective vindication" exception in any case before it, it has repeatedly reaffirmed the existence of the exception. *See, e.g.*, *14 Penn Plaza LLC v. Pyett*, 556 U.S. 247, 273–74 (2009); *Green Tree Fin. Corp.-Alabama v. Randolph*, 531 U.S. 79, 90–91 (2000); *Gilmer*, 500 U.S. at 28; *see also Sutherland v. Ernst & Young LLP*, 726 F.3d 290, 298 (2d Cir. 2013). In *Italian Colors*, for example, plaintiffs argued that "[e]nforcing

the waiver of class arbitration bars effective vindication … because they have no economic incentive to pursue their antitrust claims individually in arbitration." 570 U.S. at 235. The Supreme Court recognized the existence of the "effective vindication" exception but rejected its application in that case because "the fact that it is not worth the expense involved in proving a statutory remedy does not constitute the elimination of the right to pursue that remedy." *Id.* at 236 (emphases omitted). But *Italian Colors* did not foreclose application of the doctrine entirely, explaining that the exception "would certainly cover a provision in an arbitration agreement forbidding the assertion of certain statutory rights" and "would perhaps cover filing and administrative fees attached to arbitration that are so high as to make access to the forum impracticable." *Id.* Those are but two examples of circumstances where the doctrine may apply, with the key determination being whether "the prospective litigant effectively may vindicate its statutory cause of action in the arbitral forum." *Mitsubishi Motors*, 473 U.S. at 637.

Since *Italian Colors*, we have applied the "effective vindication" doctrine in other contexts. In *Gingras v. Think Finance, Inc.*, for example, this Court considered arbitration agreements in which "borrowers [we]re forced to disclaim the application of federal and state law in favor of tribal law." 922 F.3d 112, 126 (2d Cir. 2019). We noted that "the Supreme Court has made clear that arbitration agreements that waive a party's right to pursue federal statutory remedies are prohibited," and the arbitration agreements were therefore unenforceable because they appeared to "foreclose [borrowers] from vindicating rights granted

by federal and state law." *Id.* at 127, citing *Italian Colors*, 570 U.S. at 235–36. Most recently, this Court applied the "effective vindication" exception in *Cedeno*, where we held that "courts will not enforce provisions in arbitration agreements that prevent a party from effectively vindicating their statutory rights and securing their statutory remedies." 100 F.4th at 396. In *Cedeno* we considered whether an arbitration agreement was unenforceable because it "purport[ed] to limit [employee benefit plan] participants or beneficiaries to seeking relief in arbitration solely for the benefit of their own individual plan accounts, and preclude[d] relief that would benefit other account holders." *Id.* at 389. Emphasizing that "[a] core concern of the FAA is protecting the enforceability of agreements to vindicate substantive rights through an arbitral *forum* using arbitral *procedures*," we determined that certain provisions of the arbitration agreement there were unenforceable because they waived certain statutory remedies under the Employee Retirement Income Security Act of 1974 and therefore prevented plaintiffs from vindicating their federal statutory rights. *Id.* at 395, 408 (emphases in original).

Bearing in mind a healthy regard for the federal policy in favor of enforcing valid arbitration agreements, we recognize that the "effective vindication" exception applies in rare cases where an arbitration agreement "prevent[s] parties from effectively vindicating their statutory rights." *Id.* at 395. We believe this is just the kind of unusual case the exception intended to address. Among other claims, State Farm brings federal statutory claims under RICO, which can be the subject of arbitration agreements generally. *See Shearson/Am. Exp., Inc. v.*

McMahon, 482 U.S. 220, 238 (1987). Critically, here, State Farm alleges that the thousands of arbitrations, like the state-court proceedings discussed below, demonstrate a pattern of baseless and repetitive claims that themselves help to perpetuate and monetize a RICO violation. Specifically, State Farm contends that Defendants routinely commence frivolous arbitrations after State Farm denies their claims in order to fraudulently obtain No-Fault benefits that are then used to finance the RICO scheme. Additionally, because the fragmented arbitrations often concern a "single bill for a single date of service," State Farm argues that the arbitrations are intended to obscure the fraud and prevent State Farm from proving up its claims. Appellees' Br. 19. That renders the arbitrations effectively powerless to resolve State Farm's RICO claims, both because their piecemeal nature obscures the alleged massive and complex scheme and because the pursuit of the arbitrations itself helps to further the RICO scheme. *Cf. Mun*, 751 F.3d at 99 (describing that "[c]omplex fraud and RICO claims … cannot be shoehorned" into "New York's arbitration process for no-fault coverage [which] is an expedited [and] simplified affair").

Although the *terms* of the arbitration agreement here do not expressly prohibit State Farm from bringing federal statutory claims, enforcement of the agreement would have the *effect* of preventing State Farm from effectively vindicating its RICO claims given the unusual circumstances in this case. *See Cedeno*, 100 F.4th at 395 ("[T]erms in an arbitration agreement that have the *effect* of prospectively waiving a party's statutory remedies are not enforceable." (emphasis added)). Thus, for many of the reasons

described in our discussion of the AIA below, we conclude that the arbitrations materially interfere with State Farm's ability to seek relief under RICO, so much so that if the thousands of arbitrations here were allowed to proceed, State Farm would be prevented from "effectively vindicating" its RICO cause of action.[9]

We recognize the strong federal policy favoring parties' ability to agree on arbitration as a mechanism for dispute resolution. *See Morgan*, 596 U.S. at 418. Ultimately, however, arbitration is an issue of contract, and the "effective vindication" exception intends to balance the liberal federal policy favoring the enforcement of valid arbitration agreements with the recognition that other federal statutes are on equal footing with the FAA. It does so by permitting interference with arbitration in limited circumstances where, as here, arbitration would deny State Farm the effective vindication of its federal statutory claims

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[9] Moreover, given our conclusion below that the state-court proceedings can be enjoined under a narrow exception to the AIA, Defendants would be left in the anomalous position of contending that private arbitrations are more sacred and protected than state-court proceedings and should therefore not be enjoined. That is an odd position considering the "longstanding public policy against federal court interference with state court proceedings." *Younger v. Harris*, 401 U.S. 37, 43 (1971). In fact, "[s]ince the beginning of this country's history Congress has . . . manifested a desire to permit state courts to try state cases free from interference by federal courts." *Id.* The AIA furthers that objective by generally prohibiting injunctions of pending state-court proceedings subject to narrowly tailored exceptions, including the exception we apply in this case below.

under RICO. We therefore conclude that the "effective vindication" exception to the FAA applies here, allowing the district court to stay the pending arbitrations and enjoin any new arbitrations. We emphasize that this case presents unusual circumstances that drive our conclusion that the "effective vindication" exception is applicable; namely, the thousands of allegedly baseless arbitrations that help to further the massive and complex RICO scheme alleged here. Thus, as to Defendants' appeal, we conclude that the district court did not abuse its discretion in granting a preliminary injunction barring the arbitrations.

C. Anti-Injunction Act

Finally, we turn to State Farm's cross-appeal. State Farm contends that the district court erred in declining to include in the preliminary injunction a provision enjoining Defendants from proceeding with already-pending state-court litigation, on the ground that the AIA bars federal courts from enjoining such state-court proceedings. State Farm argues that various exceptions to the AIA's general prohibition on such injunctions apply to the unusual facts of this case. For the reasons set forth below, we agree that one of those exceptions applies here.[10]

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[10] The AIA "does not prevent a federal court from restraining a party from instituting future state proceedings," so our discussion of the AIA concerns only the pending state-court proceedings. *Pathways, Inc. v. Dunne*, 329 F.3d 108, 114 (2d Cir. 2003).

Almost as old as the Constitution, the AIA today provides that "[a] court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments." 28 U.S.C. § 2283. The AIA reflects our "dual system of federal and state courts," and its "core message is one of respect for state courts." *Smith v. Bayer Corp.*, 564 U.S. 299, 306 (2011) (internal quotation marks omitted). Application of the AIA is limited only by the "three specifically defined exceptions" in the statute that are "narrow," so "[a]ny doubts as to the propriety of a federal injunction against state court proceedings should be resolved in favor of permitting the state courts to proceed." *Id.* (internal quotation marks omitted).

In this case, the district court declined to enjoin the pending state-court proceedings, concluding that no exceptions to the AIA apply here. Application of the AIA is a question of law that we review *de novo*. *See Wyly*, 697 F.3d at 137. In its cross-appeal, State Farm contends that the district court erred because the first and second exceptions to the AIA, which respectively allow injunctions of state- court proceedings "as expressly authorized by Act of Congress" or "where necessary in aid of its jurisdiction," 28 U.S.C. § 2283, are applicable. We agree with State Farm that the preliminary injunction here falls within the "expressly-authorized" exception, and we therefore have no occasion to decide whether the second exception also applies.

As mentioned, the first exception to the AIA allows federal courts to enjoin state-court proceedings when

"expressly authorized by Act of Congress." *Id.* Although that language would seem to require Congress to have (1) expressly authorized (2) injunctions of state-court proceedings in the relevant federal statute, the Supreme Court held in the seminal case of *Mitchum v. Foster* that "no prescribed formula is required" for the exception to apply, and that the federal statute "need not expressly refer to § 2283" nor "expressly authorize an injunction of a state court proceeding in order to qualify as an exception." 407 U.S. 225, 237 (1972) (internal quotation marks omitted). Instead, for the exception to apply, "Congress must have created a specific and uniquely federal right or remedy, enforceable in a federal court of equity, that could be frustrated if the federal court were not empowered to enjoin a state court proceeding." *Id. Mitchum* accordingly created a two-part test providing that the "expressly- authorized" exception to the AIA applies if Congress "[1] clearly creat[ed] a federal right or remedy enforceable in a federal court of equity, [2] [that] could be given its intended scope only by the stay of a state court proceeding." *Id.* at 238.

In *Mitchum*, the Supreme Court held that an injunction of state-court proceedings under 42 U.S.C. § 1983 fell within the scope of that exception even when the statute merely authorized suits in equity without any mention of state- court proceedings. *See id.* at 243. In arriving at that conclusion, the Court relied on Section 1983's legislative history which provided that "[t]he very purpose of [Section] 1983 was to interpose the federal courts between the States and the people, as guardians of the people's federal rights—to protect the people from unconstitutional action under color of state law, whether that action be executive, legislative,

or judicial." *Id.* at 242 (internal quotation marks omitted). Congress was concerned that "state instrumentalities could not protect" the federally created rights, highlighting that both state officers and courts might "be antipathetic to the vindication of those rights." *Id.* More specifically, proponents of Section 1983 had "noted that state courts were being used to harass and injure individuals, either because the state courts were powerless to stop deprivations or were in league with those who were bent upon abrogation of federally protected rights." *Id.* at 240. Based on that legislative history, the Supreme Court concluded that injunctions of state-court proceedings under Section 1983 fell within the "expressly-authorized" exception to the AIA. *See id.* at 243.

Since *Mitchum*, the Supreme Court has addressed that issue only in *Vendo Co. v. Lektro-Vend Corp.*, 433 U.S. 623 (1977). In *Vendo*, the Court split three ways on whether Section 16 of the Clayton Act fell within the "expressly-authorized" exception. *See id.* Section 16 of the Clayton Act authorizes federal courts to issue injunctions against the "threatened loss or damage by a violation of the antitrust laws." 15 U.S.C. § 26. Justice Rehnquist authored the lead plurality opinion in *Vendo* and was joined by Justices Stewart and Powell in concluding that even though Section 16 satisfied the first part of the *Mitchum* test as a uniquely federal right or remedy, the statute failed the second part of the test because the Clayton Act could be given its intended scope without staying the state-court proceedings there. 433 U.S. at 632–33 (plurality opinion). The plurality distinguished *Mitchum* by noting that unlike Section 1983, the Clayton Act's legislative history lacked concern about the "possibility

that state-court proceedings would be used to violate the Sherman or Clayton Acts" and that "Congress in no way focused upon a scheme using litigation in the state courts." *Id.* at 634.

Justice Rehnquist's view, however, failed to command a majority of the Court. Instead, a majority of the Court concluded that an injunction of state-court proceedings under Section 16 of the Clayton Act *could* fall within the scope of the "expressly-authorized" exception under "narrowly limited circumstances" that were not present in *Vendo*. *Id.* at 643–45 (Blackmun, J., concurring). Those circumstances include where the "pending state-court proceedings … are themselves part of a pattern of baseless, repetitive claims that are being used as an anticompetitive device, all the traditional prerequisites for equitable relief are satisfied, and the only way to give the antitrust laws their intended scope is by staying the state proceedings." *Id.* at 644 (internal quotation marks omitted). In other words, Justice Blackmun, joined by Chief Justice Burger, concluded in a concurring opinion that where the state-court proceedings furthered an antitrust violation, they could be enjoined to give the antitrust laws their full scope. *See id.* at 644–45. Similarly, the dissent, authored by Justice Stevens and joined by Justices Brennan, White, and Marshall, agreed that "[Section] 16 of the Clayton Act … expressly authorizes an injunction against a state-court proceeding which violates the antitrust laws." *Id.* at 654–56, 660–61 (Stevens, J., dissenting). Six Justices, therefore, agreed that an injunction of state-court proceedings under Section 16 of the Clayton Act would fall within the "expressly-authorized" exception

where multiple frivolous proceedings further a violation of the antitrust laws.

Those six Justices disagreed only on whether the facts in *Vendo* satisfied that standard. Justice Blackmun's concurrence concluded that the "expressly-authorized" exception did not apply in *Vendo* because there was no "pattern of baseless, repetitive claims" with "[o]nly one state-court proceeding … involved in th[e] case." *Id.* at 644–45 (Blackmun, J., concurring) (internal quotation marks omitted). The dissenters, in contrast, would have found the injunction proper even on those facts. *See id.* at 661–62 (Stevens, J., dissenting). But that disagreement should not obscure the fact that a solid, six-Justice majority of the *Vendo* Court agreed that the "expressly-authorized" exception applied at least where pending state-court proceedings were "themselves part of a pattern of baseless, repetitive claims" that furthered a violation of a federal statute that authorized equitable relief.[11] *See id.* at 644

[11] Justice Blackmun's concurrence controls because it took the narrowest ground to decide the case. *See Marks v. United States*, 430 U.S. 188, 193 (1977) ("When a fragmented Court decides a case and no single rationale explaining the result enjoys the assent of five Justices, the holding of the Court may be viewed as that position taken by those Members who concurred in the judgments on the narrowest grounds." (internal quotation marks omitted)); *see also Trustees of Carpenters' Health & Welfare Tr. Fund of St. Louis v. Darr*, 694 F.3d 803, 809 (7th Cir. 2012) (describing Justice Blackmun's concurrence in *Vendo* as the "controlling opinion").

(Blackmun, J., concurring) (internal quotation marks omitted).

In pre-*Mitchum* cases, this Court had similarly concluded that the "expressly-authorized" exception applies where the state-court proceedings themselves further a violation of the federal statute at issue. For example, in *Studebaker Corp. v. Gittlin*, we held that Section 21(e) of the Securities Exchange Act expressly authorized an injunction of a state-court proceeding where that proceeding furthered a violation of the securities laws. *See* 360 F.2d 692, 697-98 (2d Cir. 1966); *Vernitron Corp. v. Benjamin*, 440 F.2d 105, 108 (2d Cir. 1971) (explaining that the "expressly-authorized" exception applied in *Studebaker* because "the prosecution of the state action there … would itself have furthered the violation of the Securities Exchange Act"). Although we have not subsequently specifically opined on the narrow path carved by *Vendo*, we now join a number of our sister circuits in acknowledging the existence of that path for unusual cases involving a pattern of baseless state-court proceedings that further a violation of the relevant federal statute.[12] *Cf., e.g.*, *1975 Salaried Ret. Plan for Eligible Emps. of Crucible, Inc. v. Nobers*, 968 F.2d 401, 409 (3d Cir.

[12] There are some similarities between the *Vendo* concurrence's narrow path for allowing an injunction of state-court proceedings under the "expressly- authorized exception" to the AIA and the "effective vindication" exception to the FAA which renders certain arbitration agreements unenforceable. Both approaches are driven by concerns of affording federal statutes their full force and effect and apply in rare circumstances where state litigation or arbitration may prevent that.

1992); *Vill. of Bolingbrook v. Citizens Utils. Co. of Illinois*, 864 F.2d 481, 483 (7th Cir. 1988); *Los Angeles Mem'l Coliseum Comm'n v. City of Oakland*, 717 F.2d 470, 472 (9th Cir.1983).

Applying *Mitchum* and *Vendo*, we agree with State Farm that a preliminary injunction of the hundreds of pending state-court proceedings here falls within the "expressly-authorized" exception to the AIA. Under the *Mitchum* test, we first consider whether RICO is a "specific and uniquely federal right or remedy, enforceable in a federal court of equity." 407 U.S. at 237. The RICO statute provides for private civil actions by "[a]ny person injured in his business or property by reason of a violation of section 1962 of this chapter" and specifies that "district courts of the United States shall have jurisdiction to prevent and restrain violations of section 1962." 18 U.S.C. § 1964(a), (c). We have accordingly held that "a federal court is authorized to grant equitable relief to a private plaintiff who has proven injury" under RICO. *Chevron Corp. v. Donziger*, 833 F.3d 74, 137 (2d Cir. 2016); *see also Gingras*, 922 F.3d at 124 ("RICO authorizes private rights of action for injunctive relief.").

Substantively, RICO makes it unlawful, *inter alia*, "for any person employed by or associated with any enterprise … to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt" or to conspire to do so. 18 U.S.C. § 1962(c)–(d). RICO was the "culmination of some two decades of Congressional concern about the infiltration of legitimate businesses by organized crime." *United States v. Ivic*, 700 F.2d 51, 62 (2d Cir. 1983), abrogated

on other grounds by *Nat'l Org. for Women, Inc. v. Scheidler*, 510 U.S. 249 (1994). The statute thus reflects "Congress'[s] undeniable desire to strike at organized crime" and was a broad and "aggressive initiative to supplement old remedies and develop new methods for fighting crime." *Sedima, S.P.R.L. v. Imrex Co.*, 473 U.S. 479, 494, 498 (1985). RICO was specifically "designed to remedy injury caused by a pattern of racketeering, and concepts such as RICO 'enterprise' and 'pattern of racketeering activity' were simply unknown to common law." *Agency Holding Corp. v. Malley-Duff & Assocs., Inc.*, 483 U.S. 143, 149–50 (1987) (internal quotation marks and alterations omitted); *see also Hecht v. Com. Clearing House, Inc.*, 897 F.2d 21, 24 (2d Cir. 1990) ("[T]he purpose of civil RICO liability does not extend to deterring any illegal act such as retaliatory firings for which there are state and common law remedies."). Accordingly, RICO creates a uniquely innovative federal remedy that did not exist at common law.

Importantly, RICO's legislative history demonstrates that Congress modeled civil RICO on the Clayton Act, *see Horn v. Med. Marijuana, Inc.*, 80 F.4th 130, 135 (2d Cir. 2023) (noting the legislative history), cert. granted on other grounds, 144 S. Ct. 1454 (2024), which all the Justices in *Vendo* agreed was a specific and uniquely federal right or remedy, *see* 433 U.S. at 632 (Rehnquist, J., joined by Stewart, J., and Powell, J.); *id.* at 643-644 (Blackmun, J., concurring, joined by Burger, C.J.); *id.* at 656-57 (Stevens, J., dissenting, joined by Brennan, J., White, J., and Marshall, J.). The Supreme Court has stressed that the "close similarity of [RICO and the Clayton Act] is no accident" as the "'clearest current' in the legislative history of RICO 'is

the reliance on the Clayton Act model,'" which applies antitrust concepts to target widespread organized crime. *Agency Holding*, 483 U.S. at 151, quoting *Sedima*, 473 U.S. at 489. Civil RICO and the Clayton Act thus share "similarities in purpose and structure" and "aim to compensate the same type of injury." *Id.* at 151–52.

Moreover, RICO's legislative history reveals that in adopting the RICO statute, Congress was animated by concerns similar to those underlying 42 U.S.C. § 1983 that *Mitchum* found persuasive. One of the major studies that shaped RICO was produced in 1967 by the Katzenbach Commission, which undertook a comprehensive inquiry into the problem of organized crime and made recommendations to address it. *See* President's Commission on Law Enforcement and Administration of Justice, *The Challenge of Crime in a Free Society* (1967). The report emphasized the dangers of organized crime infiltrating legitimate institutions, with one of the principal findings being that organized crime had "corrupted police officials, prosecutors, legislators, judges, … and other public officials, whose legitimate exercise of duties would block organized crime and whose illegal exercise of duties helps it." *Id.* at 191. Later, the chief proponents of RICO similarly highlighted the corruption of governmental actors, noting that "wherever organized crime exists, it corrupts public officials and wields extensive political influence which insulate its activities from governmental interferences." 116 Cong. Rec. S601 (daily ed. Jan. 21, 1970) (statement of Sen. Roman Hruska). In other words, "[e]ven the judiciary is not beyond reach." *Id.* at S596 (statement of Sen. John L. McClellan).

RICO's legislative history thus reflects Congress's concern that the state courts might be ineffective against a racketeering enterprise, principally because of the possible involvement of state courts in organized crime. Although there are no allegations of state judicial corruption here, RICO's legislative history shows that Congress was nonetheless concerned about state courts being *used* to further a violation of RICO and accordingly contemplated that state-court proceedings could be enjoined to "prevent and restrain violations" of RICO. 18 U.S.C. § 1964(a). That history is similar to that of 42 U.S.C. § 1983, which evinced concern that "state courts were powerless to stop deprivations or were in league with those who were bent upon abrogation of federally protected rights," *Mitchum*, 407 U.S. at 240, and accordingly authorized equitable relief. Therefore, the similarities between RICO's purpose and function and those of the Clayton Act and 42 U.S.C. § 1983 bolster our conclusion that RICO is a sufficiently specific and unique federal remedy under the first part of the *Mitchum* test.[13]

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[13] Defendants argue that because there is concurrent jurisdiction over civil RICO claims in state and federal courts, it is not a uniquely federal right or remedy. Even assuming, for the sake of argument, that exclusive federal jurisdiction is *sufficient* to satisfy the first part of the *Mitchum* test, we conclude that it is not *necessary*. In the only binding precedent from the Supreme Court on that issue, *Mitchum* did not identify any such requirement and concluded that an injunction of state-court proceedings under 42 U.S.C. § 1983, a cause of action that can be brought in both federal and state court, fell within the "expressly-authorized" exception. *See* 407 U.S. at 242-43. *Mitchum* analyzed the purpose and legislative history of Section 1983 to reason that

Turning to the second part of the *Mitchum* test, we conclude that RICO could be given its intended scope only by a stay of the hundreds of pending state-court proceedings here. As discussed in detail above, a majority of the Supreme Court in *Vendo* believed that, where multiple meritless proceedings are a part of a scheme to violate the relevant federal law in order to give that law its intended scope, an injunction of state-court proceedings could fall within the "expressly-authorized" exception. *See* 433 U.S. at 643–45

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it was a specific and uniquely federal right or remedy. *See id.* at 238–42. We do the same. We acknowledge that the plurality in *Vendo* stated that Section 16 of the Clayton Act met the first part of the test "in that actions based upon it may be brought only in the federal courts," 433 U.S. at 632 (plurality opinion), but that opinion is not controlling for the reasons described above. *See supra* note 11. The *Vendo* concurrence, which *is* the controlling opinion, does not require that there be exclusive federal jurisdiction to conclude that Congress intended to create a uniquely federal right or remedy. *See* 433 U.S. at 643–45 (Blackmun, J., concurring). Moreover, the *Vendo* plurality uses the phrase "in that" to describe why the Clayton Act's exclusive federal jurisdiction means that it satisfied the first part of the *Mitchum* test. *Id.* at 632 (plurality opinion). "In that," however, is "used to introduce a statement that explains or gives more specific information" about a prior statement. *In That*, Merriam-Webster Dictionary, https://www.merriam-webster.com/dictionary/in%20that (last visited July 17, 2024). That definition does not suggest that the *Vendo* plurality believed that exclusive federal jurisdiction was *necessary* to satisfy the *Mitchum* test. Thus, we disagree with the district court and Defendants that *Mitchum* requires exclusive federal jurisdiction for Congress to have created a uniquely federal right or remedy.

(Blackmun, J., concurring); *id.* at 645–66 (Stevens, J., dissenting). Per Justice Blackmun's controlling opinion, the narrow path carved by *Vendo* applies only in rare circumstances where the state-court proceedings are "themselves part of a pattern of baseless, repetitive claims that are being used" to further a violation of the relevant federal law. *Id.* at 644 (Blackmun, J., concurring) (internal quotation marks omitted). The instant action presents exactly the kind of injunction that a majority of the *Vendo* Court had contemplated could fall within the "expressly-authorized" exception.

Here, State Farm contends that "Defendants are using a pattern of baseless state no-fault proceedings to monetize and perpetuate their violations of RICO" in order "to harass and injure" State Farm. Appellees' Br. 64. State Farm elaborates that "the state-court litigation is a component of the overall fraud scheme alleged in the federal action; it is Defendants' means of collecting on their fraudulent claims for reimbursement and provides a financial lifeline for their scheme." *Id.* Thus, State Farm alleges that the hundreds of frivolous state-court proceedings *themselves* help to further the RICO violation because Defendants use the fraudulently obtained No-Fault benefits from those proceedings to continue financing their scheme, thereby constituting a "pattern of baseless, repetitive claims." *Vendo*, 433 U.S. at 644 (Blackmun, J., concurring) (internal quotation marks omitted).

We agree with State Farm that the unusual circumstances here fall squarely within *Vendo*. The state-court proceedings further the alleged RICO

violation in two key ways. First, the proceedings help finance the purported scheme because whenever State Farm denies claims for No-Fault benefits, Defendants typically commence allegedly baseless litigation in state court (or arbitration actions) to fraudulently obtain the benefits. Second, because the state-court proceedings often concern individual claims, the piecemeal nature of those proceedings obscures the overall complex scheme, which becomes apparent only when one zooms out to view the alleged predetermined treatment protocols and "pay-to-play" arrangements relevant to several claims. In other words, State Farm plausibly argues that the state courts are unlikely to even recognize the alleged massive RICO scheme because those proceedings often concern individual claims. That renders the "state courts … powerless to stop" the alleged RICO violations which the state-court proceedings help monetize and sustain. *Mitchum*, 407 U.S. at 240.

We thus conclude that state litigation of the kind alleged here – involving hundreds of baseless state-court proceedings that are part of a massive fraudulent scheme – may itself further a RICO violation, which in this case consists of alleged repeated violations of the federal mail fraud statute, 18 U.S.C. § 1341.[14] If the

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[14] We do not determine whether the state-court proceedings here constitute predicate acts under RICO, as the parties do not address that issue, and it is not necessary for us to reach. That said, we briefly address some general points relevant to that issue. This Court held in *Kim v. Kimm* that "allegations of frivolous, fraudulent, or baseless litigation activities—without more—cannot constitute a RICO predicate act." 884 F.3d 98, 104 (2d Cir. 2018). Because the plaintiff there had alleged that the defendant

pending state-court proceedings are allowed to continue, State Farm faces the irreparable harm of never having a forum to demonstrate the existence of Defendants' alleged RICO scheme. Thus, the only way to give RICO its intended scope in the specific circumstances here is by staying the pending state-court proceedings.

Given that both parts of the *Mitchum* test are therefore satisfied, we conclude that enjoining the pending state-court proceedings here falls within the "expressly-authorized" exception to the AIA. We again note that our decision today is narrow and limited to the unusual circumstances alleged here, which involve a massive scheme including hundreds of purportedly meritless state-court proceedings that help further a

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"engaged in a *single* frivolous, fraudulent, or baseless lawsuit," we determined that "such litigation activity *alone* cannot constitute a viable RICO predicate act." *Id.* at 105 (emphases added). We declined, however, "to reach the issue of whether all RICO actions based on litigation activity are categorically meritless." *Id.* The instant action is distinguishable from *Kim*. State Farm does not appear to contend that the state-court proceedings here are predicate acts under 18 U.S.C. § 1961(1), but instead that they help further the RICO violation, which consists of a pattern of racketeering activity under the mail fraud statute through other fraudulent activities alleged in the complaint. In other words, the issue is not whether the state-court proceedings are *themselves* predicate acts, but rather that they are allegedly designed to perpetuate and monetize the RICO scheme for the reasons described above. Thus, we need not consider whether the state-court proceedings are themselves predicate acts.

RICO violation, such that RICO can only be given its intended scope if those proceedings are enjoined.[15]

CONCLUSION

We have considered all of the parties' remaining arguments and conclude that they are without merit. For the foregoing reasons, we **REVERSE** the district court's orders declining to enjoin the pending state-court proceedings, **AFFIRM** its orders in all other respects, and **REMAND** the matter for further proceedings consistent with this opinion.

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[15] We leave it to the district court on remand to craft the particular terms of the appropriate injunction.

APPENDIX D – ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT, DATED APRIL 16, 2026

UNITED STATES COURT OF APPEALS
FOR THE
SECOND CIRCUIT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 16th day of April, two thousand twenty-six.

Government Employees Insurance Company, GEICO Indemnity Company, GEICO General Insurance Company, GEICO Casualty Company,

Plaintiffs - Appellees,

v.

Bhargav Patel, MD, Patel Medical Care, P.C.,

Defendants - Appellants,

John Doe Defendants 1 through 10,

Defendant.

ORDER

Appendix D

Docket No. 24-191

Appellants, Bhargav Patel, MD and Patel Medical Care, P.C., filed a petition for rehearing *en banc*. The active members of the Court have considered the request for rehearing *en banc*.

IT IS HEREBY ORDERED that the petition is denied.

FOR THE COURT:
Catherine O'Hagan Wolfe, Clerk

[SEAL]
/s/ Catherine O'Hagan Wolfe

APPENDIX E – 18 U.S.C.A. § 1964

18 U.S.C.A. § 1964

§ 1964. Civil remedies

(a) The district courts of the United States shall have jurisdiction to prevent and restrain violations of section 1962 of this chapter by issuing appropriate orders, including, but not limited to: ordering any person to divest himself of any interest, direct or indirect, in any enterprise; imposing reasonable restrictions on the future activities or investments of any person, including, but not limited to, prohibiting any person from engaging in the same type of endeavor as the enterprise engaged in, the activities of which affect interstate or foreign commerce; or ordering dissolution or reorganization of any enterprise, making due provision for the rights of innocent persons.

(b) The Attorney General may institute proceedings under this section. Pending final determination thereof, the court may at any time enter such restraining orders or prohibitions, or take such other actions, including the acceptance of satisfactory performance bonds, as it shall deem proper.

(c) Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee, except that no person may rely upon any conduct that would have been actionable as fraud in the purchase or sale of securities to

establish a violation of section 1962. The exception contained in the preceding sentence does not apply to an action against any person that is criminally convicted in connection with the fraud, in which case the statute of limitations shall start to run on the date on which the conviction becomes final.

(d) A final judgment or decree rendered in favor of the United States in any criminal proceeding brought by the United States under this chapter shall estop the defendant from denying the essential allegations of the criminal offense in any subsequent civil proceeding brought by the United States.

APPENDIX F – 28 U.S.C.A. § 2283

28 U.S.C.A. § 2283

§ 2283. Stay of State court proceedings

A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments.