

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH
CAROLINA, ROCK HILL DIVISION

United States of America ex rel. Christopher P. Grant, Christopher
Paul Grant, and Tymekah Danielle Ferguson v. LabSolutions, LLC;
Minal Patel; CLIO Laboratories, LLC; Khalid Satary

Grant v. LabSolutions · No. 0:18-cv-02341-JDA · Decided March 24, 2026

SUMMARY

The United States District Court for the District of South Carolina denied relators’ motion for reconsideration of its prior order concerning default judgment in a False Claims Act action. The court upheld its determination that CLIO Laboratories, LLC was liable for 15 alleged false claims but that the pleadings did not establish liability against defendant Khalid Satary. The court awarded \$144,000 in treble damages and \$216,000 in civil penalties against CLIO, while deferring consideration of attorneys’ fees and costs pending a sufficiently detailed petition.

CASE DETAILS

COURT	United States District Court for the District of South Carolina, Rock Hill Division
WRITING FOR THE COURT	Jacquelyn D. Austin
JURISDICTION	United States District Court for the District of South Carolina, Rock Hill Division
DECIDED	March 24, 2026
DOCKET	0:18-cv-02341-JDA
DISPOSITION	other
PROCEDURAL POSTURE	Relators moved under Federal Rule of Civil Procedure 54(b) for reconsideration of the court's October 15, 2025 interlocutory order denying their second motion for default judgment against CLIO Laboratories, LLC and Khalid Satary. The court also considered relators' submissions concerning damages, penalties, attorneys' fees, and costs.
STANDARD OF REVIEW	Under Rule 54(b), an interlocutory order may be revised before final judgment when there is substantially different evidence, a change in applicable law, or clear error causing manifest injustice. For default judgment, the court accepts well-pleaded factual allegations, except

allegations concerning damages, as true; evaluates the complaint under Rule 12(b)(6); independently determines damages; and may award only relief that does not differ in kind from or exceed the amount demanded in the pleadings. Damages must be supported by an adequate evidentiary basis and proved by a preponderance of the evidence.

PRECEDENTIAL VALUE

unpublished

PARTIES

Christopher P. Grant, Christopher Paul Grant, Tymekah Danielle Ferguson v. LabSolutions, LLC, Minal Patel, CLIO Laboratories, LLC, Khalid Satary

TOPICS

default judgment

motion for reconsideration

civil procedure

damages

attorney fees

PRACTICE AREAS

False Claims Act

default judgment

civil procedure

damages and penalties

attorneys' fees and costs

QUESTIONS PRESENTED

1. Whether relators demonstrated clear error causing manifest injustice sufficient to warrant reconsideration under Rule 54(b) of the denial of default judgment against Satary.
2. Whether CLIO's default judgment damages could extend beyond the 15 claims specifically identified in the Second Amended Complaint based on later-submitted evidence.
3. Whether relators provided an adequate evidentiary basis to establish damages for the identified CGx and PGx claims.
4. What treble damages and civil penalties should be awarded against CLIO for the 15 adequately pleaded violations.
5. Whether attorneys' fees and costs should be awarded based on relators' presently unsupported submissions.

HOLDINGS

1. Relators did not establish clear error causing manifest injustice, and the court properly denied default judgment against Satary because the Second Amended Complaint lacked factual allegations or pre-discovery evidence showing that he actively participated in the alleged scheme.
2. Default judgment damages against CLIO were limited to the 15 tests identified in the Second Amended Complaint; relators could not obtain damages for additional claims or cure pleading deficiencies with evidence submitted after the complaint.
3. Relators established \$48,000 in actual damages for the eight CGx claims but failed to establish any damages for the seven PGx claims because evidence that PGx claims were reimbursed by 'as much as'

\$2,000 was speculative and did not show typical or actual reimbursement amounts.

4. The court awarded CLIO \$144,000 in treble damages and \$216,000 in civil penalties, calculated as \$14,400 for each of the 15 violations, for a total judgment of \$360,000.
5. The court declined to award attorneys' fees or costs at that time because relators had not provided sufficiently detailed time records or an explanation of the requested costs, without prejudice to a timely and adequately documented petition.

KEY QUOTATIONS

“A court must have both subject matter and personal jurisdiction over a defaulting party before it can render a default judgment.” (Default Judgment Standard)

“Thus, a court may revise an interlocutory order under the same circumstances in which it may depart from the law of the case: (1) a subsequent trial producing substantially different evidence; (2) a change in applicable law; or (3) clear error causing manifest injustice.” (Rule 54(b) Standard)

“Relators cannot cure pleading deficiencies in the operative complaint with later-filed supporting documentation, as allowing them to do so would fail to recognize that a claim brought under the FCA that rests primarily on facts learned through the costly process of discovery is precisely what Rule 9(b) seeks to prevent.” (Damages Against CLIO)

“That in the 2018 timeframe PGx claims were reimbursed for “as much as \$2,000.00” tells the Court nothing about the typical or average amounts of such reimbursements, let alone how much the reimbursements for the seven claims at issue here were.” (Amount of Damages Awarded and Penalties Imposed Against CLIO)

FACTUAL BACKGROUND

Relators alleged that CLIO submitted 15 claims to Medicare for hereditary cancer screening and pharmacogenetic testing in violation of the Anti-Kickback Statute. The Second Amended Complaint identified eight CGx claims and seven PGx claims and alleged that CLIO was liable under the False Claims Act. Satary owned CLIO, but the complaint did not provide a factual or evidentiary basis showing that he actively participated in the alleged scheme. Relators submitted evidence that CGx claims were reimbursed at an average of approximately \$6,000, but offered only evidence that PGx claims were reimbursed by amounts up to \$2,000.

PROCEDURAL HISTORY

Relators brought a False Claims Act action alleging that defendants submitted claims to Medicare in violation of the Anti-Kickback Statute. In the October 2025 Order, the court found CLIO liable on the claims adequately pleaded in the Second Amended Complaint, denied default judgment against Satary, and limited recoverable claims to the 15 tests identified in the complaint. On reconsideration, the court denied relief, entered judgment against CLIO for \$360,000 in treble damages and civil penalties, and declined to award attorneys' fees or costs without prejudice to a later, timely and adequately supported petition.

DISPOSITION

other

CASES CITED

- United States v. Clark, No. 3:17-cv-03440-JMC, 2019 WL 1122933, at *1 (D.S.C. Mar. 12, 2019)
- Mey v. Phillips, 71 F.4th 203, 223-24 (4th Cir. 2023)
- Rollins Ranches, LLC v. Watson, No. 0:18-cv-03278-SAL, 2021 WL 5355650, at *3 (D.S.C. Nov. 17, 2021)
- Ryan v. Homecomings Financial Network, 253 F.3d 778, 780-81 (4th Cir. 2001)
- Anderson v. Foundation for Advancement, Education & Employment of American Indians, 155 F.3d 500, 507 (4th Cir. 1998)
- Compton v. Alton S.S. Co., 608 F.2d 96, 106 n.18 (4th Cir. 1979)
- United States on behalf of United States Department of Health & Human Services v. Alexis, No. 5:24-cv-00199, 2025 WL 284637, at *1 (S.D. W. Va. Jan. 23, 2025)
- Flatsix, LLC v. Sylejmani, No. 23-CV-02289-VKD, 2024 WL 2875098, at *6 (N.D. Cal. Mar. 18, 2024)
- Lary v. Trinity Physician Financial & Insurance Services, 780 F.3d 1101, 1106 (11th Cir. 2015)
- Carlson v. Boston Scientific Corp., 856 F.3d 320, 325 (4th Cir. 2017)
- United States ex rel. Wheeler v. Acadia Healthcare Co., 127 F.4th 472, 488, 497-98 (4th Cir. 2025)
- Breckley v. Amway Corp., No. 6:89-540-17, 1989 WL 140397, at *2, *4-*5 (D.S.C. Aug. 24, 1989)
- United States ex rel. Scollick v. Narula, 215 F. Supp. 3d 26, 39 (D.D.C. 2016)
- United States ex rel. Nathan v. Takeda Pharmaceuticals, N.A., Inc., 707 F.3d 451, 458 n.8 (4th Cir. 2013)
- United States ex rel. Mastej v. Health Management Associates, 591 F. App'x 693, 709 (11th Cir. 2014)
- Bobb v. FinePoints Private Duty Healthcare, LLC, 794 F. Supp. 3d 343, 354 (D. Md. 2025)
- Paddock Pool Construction Co., No. 0:15-cv-03292-JFA, 2015 WL 7184849, at *3 (D.S.C. Nov. 12, 2015)
- Educ. Credit Mgmt. Corp. v. Frushour (In re Frushour), 433 F.3d 393, 402 (4th Cir. 2006)
- Templeton v. Bishop of Charleston, No. 2:18-cv-02003-DCN, 2021 WL 5770306, at *4 (D.S.C. Dec. 6, 2021)
- J&J Sports Productions, Inc. v. Brazilian Paradise, LLC, 789 F. Supp. 2d 669, 674 (D.S.C. 2011)
- Bigelow v. RKO Radio Pictures, Inc., 327 U.S. 251, 264-66 (1946)
- United States ex rel. Bunk v. Gosselin World Wide Moving, N.V., 741 F.3d 390, 407 (4th Cir. 2013)
- United States ex rel. Drakeford v. Tuomey, 792 F.3d 364, 387-89 (4th Cir. 2015)
- State Farm Mutual Automobile Insurance Co. v. Campbell, 538 U.S. 408, 425 (2003)
- Barber v. Kimbrell's, Inc., 577 F.2d 216 (4th Cir. 1978)
- Fair Housing Council of Greater Washington v. Landow, 999 F.2d 92, 97 (4th Cir. 1993)
- Route Triple Seven Ltd. Partnership v. Total Hockey, Inc., 127 F. Supp. 3d 607, 621-22 (E.D. Va. 2015)