CHOATE'S ENFORCEMENT AND INVESTIGATIONS UPDATES PODCAST | 03.22.2023

Jelly Bean – DOJ's First Civil Cyber-Fraud Initiative Settlement

In this episode of our Enforcement & Investigations Podcast Series, Julia Hesse, Sara Frank and Lauren Swidler discuss the Department of Justice's first settlement under the new Civil Cyber-Fraud Initiative. Based a novel use of the False Claims Act, website developer Jelly Bean Communications LLC, and its owner and sole employee agreed to pay almost $300,000 to resolve allegations that Jelly Bean failed to provide secure hosting services for a government funded Florida children's health insurance website.

Jelly Bean was required to maintain and update software to ensure that the site's cybersecurity controls were compliant with HIPAA; its failure to do resulted in a half million applications hacked, leaving personal identifying information on the site vulnerable.

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