

False Claims Act in Brief

**Taxpayers
Against
Fraud**



Incentivized Integrity

- **The False Claims Act** is based on the idea that if you incentivize integrity you get results.
- **President Abraham Lincoln** sought to curb contract fraud during the Civil War by incentivizing integrity through awards based on the size of the fraud brought to the U.S. Government.
- **Thus was born the False Claims Act of 1863**, America's oldest *qui tam* whistleblower law.

History in a Nutshell

- **Rooted in Common Law**

Qui tam whistleblower statutes are rooted in English Common Law.

- **Endorsed by the Founders**

Of the 12 penal statutes enacted by the Continental Congress, 10 contained *qui tam* whistleblower provisions.

- **Approved by the Courts**

The Supreme Court has endorsed the FCA (*Stevens*, authored by Justice Scalia).

- **Strengthened by President Reagan**

The 1986 False Claims Act amendments were passed with bipartisan support and signed into law by President Ronald Reagan.

Basic Points about the FCA

- **Not a Tip Line**

FCA cases are evidence-driven.

- **Not Easy or Fast**

Successful cases often require years of investigation, putting tremendous strain on whistleblowers and lawyers. Big cases can require big investments from private law firms.

- **Triple Damages (Treble Damages)**

Fraudster can be nailed for up to triple damages (treble damages) plus statutory penalties and even exclusion.

- **Cheaters Pay Whistleblower Awards**

Triple damages recover America's stolen money, as well as pay for the cost of investigations and lost interest. Damages also pay for whistleblower awards. Not one dime of whistleblower awards come from taxpayer pockets.

A History of Success

- **\$53 Billion in Federal Civil Recoveries**

Since 1987, the federal False Claims Act has returned over \$53 billion in civil recoveries to the Federal Government.

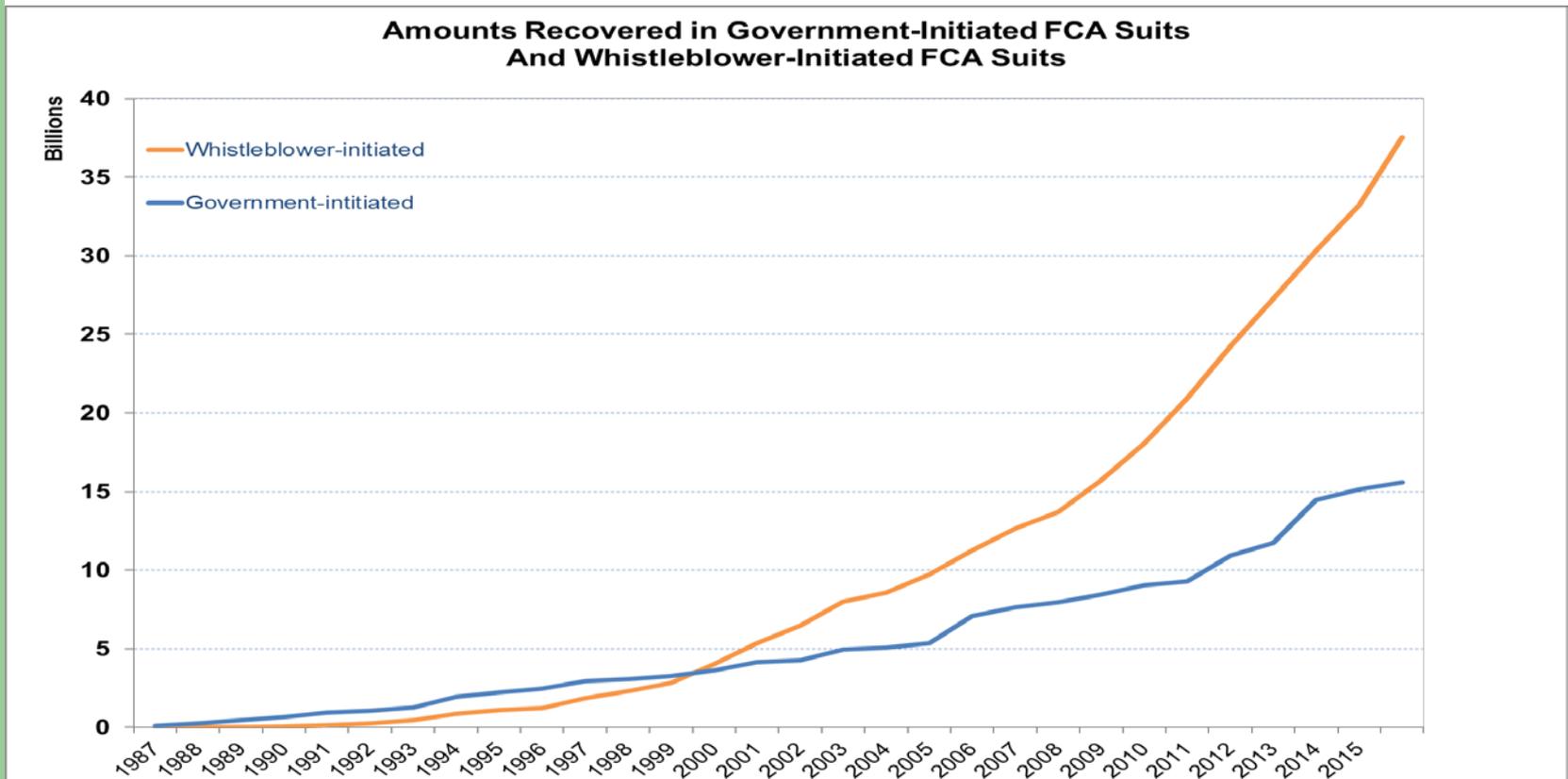
- **Over \$9 Billion in Criminal Fines**

Federal FCA lawsuits have also resulted in over \$7 billion in associated criminal fines.

- **Over \$10 Billion Back to the States**

Federal FCA lawsuits have also returned over \$6 billion back to state Medicaid programs.

FCA Success 1987-2016



Replicating Success

The False Claims Act has been so successful that it has been replicated:

- **29 states**, the District of Columbia, three large cities and one county now have their own False Claims Acts modeled on the federal FCA.
- **The SEC** has created a whistleblower program modeled on the FCA.
- **The IRS** has created a whistleblower program modeled on the FCA.
- **The CFTC** (Commodities Future Trading Commission) has created a whistleblower program modeled on the FCA.

Major Types of Fraud

- **Pharmaceutical Fraud:** over \$25 billion recovered
- **Laboratory Fraud:** over \$1 billion recovered
- **Oil and Gas Fraud:** over \$1 billion recovered
- **Hospital Fraud:** over \$3 billion recovered
- **Defense Contactor Fraud:** over \$5 billion recovered
- **Banking Fraud:** over \$2 billion in potential recoveries pending, as of 2012, in State- and Federally-joined cases.