The Federal False Claims Act

The federal False Claims Act empowers whistleblowers and the Department of Justice to sue people and entities that commit fraud related to federal government funds.

Known as “Lincoln’s Law” and originally enacted during the Civil War to combat pervasive fraud by contractors selling fake and defective goods, supplies, and weapons to the Union Army, the False Claims Act has become an essential tool to protect the integrity of taxpayer-funded federal government programs.

There are a few essential “elements” of a False Claims Act case: (1) a **false** claim, (2) submitted **knowingly**, and (3) that caused the government to lose money or fail to collect money. For more detailed information, take a look at the text of the federal False Claims Act.

Examples of false claims include:

Federal Government Healthcare Fraud

- An opioid manufacturer paid $195 million to settle allegations that the company encouraged physicians (through bribery and kickback schemes disguised as educational meals) to prescribe highly addictive painkillers for unapproved purposes to Medicare and TRICARE beneficiaries.
- A major pharma company paid $625 million to resolve allegations that it improperly repackaged potentially contaminated oncology-supportive injectable drugs that were provided to patients covered by Medicare, Medicaid, TRICARE, Federal Employees Health Benefit Program, and the Department of Veterans Affairs.
- Two of America’s most respected pharmaceutical companies paid more than $233 million to resolve various claims that they set up bogus schemes—including funneling money through a non-profit foundation to pay patients’ co-pays—to improperly inflate the price of drugs paid by Medicare in some cases by as much as 40%.
- An inpatient rehabilitation facility company paid $48 million to resolve allegations that some patient admissions to its facilities were not medically necessary and that some of its facilities provided inaccurate information to Medicare and Medicaid to maintain their status as “inpatient rehabilitation facilities”—a designation that enabled the operator to earn a higher rate of reimbursement.
- A medical device manufacturer paid $33.2 million to resolve allegations that it sold a materially unreliable testing device that was intended to help doctors and nurses diagnose drug overdoses, assess acute coronary syndrome, and identify other serious conditions

- A major provider of electronic medical records paid $155 million to resolve charges that it misrepresented what its software could do, and then paid kickbacks to customers to promote the product.
- A major hospital system paid $731 million to resolve claims that it ordered medical tests that were not necessary, up-coded various charges, and misrepresented its advertising expenses as “community education” in order to get the government to pay for non-reimbursable expenses.
- A major nursing home chain paid $145 million to resolve a complaint that it provided unnecessary rehab services.

COVID-19 Fraud

- A bank agreed to resolve allegations that it improperly processed Paycheck Protection Program (PPP) loans on behalf of an ineligible customer.
- A company agreed to resolve allegations that it applied for and obtained a PPP loan by lying on the application to claim it was eligible when it was not.

Research Fraud

- A major university paid $112.5 million to settle allegations that it falsified research data in grant applications.
- A major pharmaceutical company paid $3 billion to resolve charges that it illegally promoted nine different prescription drugs, paid kickbacks to doctors to prescribe the medications, and falsified scientific research and articles.

Government Contract Fraud

- A company and its subsidiary paid $66 million to resolve claims that the fiber they used to produce their supposedly bullet-proof vests for law enforcement agencies was so weak and defective that it could not stop a bullet 50% of the time.
- A company responsible for servicing American Navy ships in foreign ports inflated its invoices, resulting in a $20 million fine.
- An aluminum manufacturer paid $34.6 million to resolve claims that it falsified critical testing data about the consistency and reliability of its products, resulting in two failed rocket launches by NASA.
- A Kuwaiti company paid $95 million to resolve claims that it overcharged the Department of Defense for the fruits and vegetables it provided to American troops stationed in Iraq.
- A major engineering and construction company agreed to pay $125 million to resolve allegations that it provided deficient materials, services, and testing involving nuclear waste.

Government Contract Compliance Fraud

- A defense contractor paid $9 million to resolve claims that it lied in certifications about its compliance with cybersecurity requirements and failed to disclose a breach to the Department of Defense and NASA.

- A construction company resolved claims that it misrepresented its status as a Disadvantaged Business Enterprise under Department of Transportation regulations to obtain work from a municipality that was required by DOT to hire subcontractors owned and managed by "economically disadvantaged," minority, or otherwise disadvantaged individuals.

Government Mortgage Fraud

- One of the largest, most respected accounting firms paid $149 million for failing to properly audit a participant in an important government mortgage program.
- A home mortgage company was found liable by a jury for $92 million in damages for improperly issuing mortgages to unqualified applicants who then quickly defaulted on the loans.
- One of the largest banks in America—along with two financial institution subsidiaries—agreed to pay $16.65 billion to resolve charges that it engaged in fraudulent practices in the issuance and marketing of collateralized debt obligations involving home mortgages.
- Another major bank paid $641 million to settle allegations that it issued FHA and Veterans Affairs insured home loans to people who then defaulted; and the government paid the bank insurance money on mortgages that should never have been approved.

How do I start?

Call us at (212) 337-5361. Submit an inquiry on our website. Or email us at confidential@pollockcohen.com. We want to hear your story.