



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

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CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

ST. LOUIS UNIVERSITY AGREES TO PAY \$1 MILLION TO SETTLE FEDERAL FALSE CLAIMS ACT ALLEGATIONS

Settlement Resolves Allegations that the University's School of Public Health Fraudulently Charged Faculty Members' Additive Pay to Federally Funded Grants, Contracts and Cooperative Agreements

Atlanta, GA - The United States Attorney's Office today announced that St. Louis University, in St. Louis, Missouri, has agreed to pay \$1 million to settle allegations raised in a "whistleblower" lawsuit that the University's School of Public Health violated the federal False Claims Act by mischarging "additive" or "supplemental" pay for its faculty members to federally funded grants, contracts and cooperative agreements.

United States Attorney David E. Nahmias said, "The Justice Department remains committed to protecting federal funds from fraud. This settlement should be a reminder to those who receive federal funding of any kind that they must abide by the rules and regulations that govern receipt of that funding."

According to United States Attorney Nahmias and the documents filed in court: The initial lawsuit, filed in May 2005 by a former Dean of the School of Public Health, Dr. Andrew Balas, as a "whistleblower," alleged that the University's School of Public Health had engaged in a scheme to defraud the government by overstating the time certain faculty members were spending on grants received from the Centers for Disease Control and Prevention (CDC) in Atlanta, Georgia, thereby inflating supplemental income received by those faculty members through those grants. The investigation of Dr. Balas's allegations revealed that grants received by the School of Public Health from the National Institutes of Health (NIH) and from the Department of Housing and Urban Development (HUD) also were impacted by the University's actions, with similar improper inflation of hours worked and increases in the supplemental income received by faculty members. It was further determined that the School of Public Health failed to comply with federal requirements to maintain a system that accurately tracked hours worked on federal grants.

The United States has agreed to dismiss the lawsuit in exchange for the \$1 million payment. In addition, the University will be subject to increased scrutiny under its yearly audit requirements for participation in federally funded research. Under the “qui tam” provision of the False Claims Act, the whistleblower, Dr. Andrew Balas, will receive \$190,000 as his share of the recovery in the case.

The investigation was handled by the United States Attorney’s Office for the Northern District of Georgia, Civil Division, and the Department of Health and Human Services, Office of Inspector General (DHS-OIG).

Assistant U.S. Attorney Laura K. Bonander handled the case for the U.S. Attorney’s Office.

For further information, please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.