



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley asks the Justice Department to provide information about the False Claims Act at work

WASHINGTON — Sen. Chuck Grassley wants the Department of Justice to start reporting to Congress about settlements relating to false claims and fraud against the United States.

Grassley said this is necessary because Congress now lacks the information needed to understand the full value of the False Claims Act, which has become the government's most effective program for recouping money improperly obtained from the U.S. government. Legislation introduced today by Grassley would require the Inspector General for the Department of Justice to begin making such reports on a semi-annual basis.

“The False Claims Act has recovered billions of tax dollars that otherwise would be lost to fraud. That tremendous success is the very reason we need to make sure the program reaches its full potential,” Grassley said. “The information this bill would collect would shed light on new opportunities and help correct any problems there might be in the current system.”

Under Grassley's proposal, the Department of Justice would be required to describe its settlements of False Claims Act cases, including a description of the estimated damages suffered by the United States, the amount recouped, the multiplier used to calculate the settlement amount, the criminal fines collected, and whether defendants were held liable in previous cases. The Department would be required to inform Congress as to whether defendants were required to enter into corporate integrity agreements and whether civil investigative demands were issued.

The Grassley measure also would require the Department of Justice to provide certain information about the conduct of qui tam cases initiated by whistleblowers, or relators. For example, Congress will receive information about the length of time cases are under seal, whether whistleblowers sought a fairness hearing regarding a settlement, and what share of the settlement they received. Congress would also receive information about whether the agency that suffered from the fraud participated in the settlement.

Grassley said the evaluation that would be possible with these semi-annual reports would have many applications. For example, the report would give Congress information about how the program returns money to states who participate in settlements of Medicaid fraud cases. “State Medicaid budgets are stretched, and we need to make sure the federal program delivers every penny states are entitled to when they help recover dollars lost to fraud,” Grassley said.

Overall, Grassley said his effort is aimed at making sure Congress meets its Constitutional responsibility of oversight to see that the laws are faithfully executed. “More information will tell us how effectively the Justice Department captures the multiple damages and penalties provided for by the Act, how quickly the Justice Department moves these cases, how effectively the Justice Department uses the tools provided to it by the False Claims Act, such as civil investigative demands, and how effectively the Justice Department works with whistleblowers, who are often the determining factor in the success of False Claims Act cases,” Grassley said.

The False Claims Act was first enacted during the Civil War at the request of President Lincoln in response to fraud against the Union Army. It was updated in 1986 with amendments sponsored by Grassley and Rep. Howard Berman of California. Since then, settlements and judgments in FCA cases have exceeded \$13 billion. “No other anti-fraud program of the federal government can match this result,” Grassley said.

Grassley is chairman of the Senate Committee on Finance and a senior member of the Senate Judiciary Committee.