



Department of Justice

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OAKLAND CITY UNIVERSITY TO PAY \$5.3 MILLION DOLLAR CIVIL SETTLEMENT FOR VIOLATION OF FALSE CLAIMS ACT

PRESS RELEASE

Susan W. Brooks, U. S. Attorney for the Southern District of Indiana, announced today a civil settlement with **Oakland City University** (“OCU”) an institution of higher education located in Oakland City, Indiana. The settlement resulted in a total payment of **\$5,300,000.00** to the United States of America.

In 2002, a former employee of OCU filed a sealed complaint under the whistle-blower provisions of the Civil False Claims Act in the United States District Court for the Southern District of Indiana, alleging that OCU violated the False Claims Act by falsely certifying compliance with provisions of the Higher Education Act. Specifically, the former employee, known as the “relator,” alleged that OCU falsely certified to the Department of Education that the school was not paying incentive compensation payments to its admissions and recruitments counselors when, in fact, it was. Under the Civil False Claims Act, a person who submits a false claim for payment to the government can be liable to the United States for up to three times the amount of the loss plus a civil penalty of \$5,500 to \$11,000 per false claim.

The complaint led to an investigation conducted by the United States Department of Education in coordination with the United States Attorney’s Office for the Southern District of Indiana and the United States Department of Justice in Washington, D.C. Although the United States declined to intervene in the case, the relator continued with the litigation against OCU and entered into a settlement agreement with OCU.

According to Assistant U. S. Attorney Shelese Woods, one of the attorneys who handled the case for the United States, OCU agreed to resolve the matter for a payment of \$5.3 million dollars. Pursuant to the False Claims Act, the relator will receive \$1,404,500.00 from that

settlement amount. In agreeing to the terms of the settlement, OCU denied all liability under the False Claims Act.

United States Attorney Susan Brooks stated, “the civil False Claims Act was created to serve as a tool for combating fraud, waste and abuse in federally funded programs. The \$5.3 million dollar payment sends the message that universities must take responsibility for statements made to the Department of Education when certifying compliance with various regulations under the Higher Education Act.”

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