

PRESS RELEASE

January 18, 2007

**RE: SUPPLIER OF EYEWEAR TO VETERANS
WILL PAY \$3.25 MILLION TO RESOLVE CIVIL FALSE CLAIMS
ACT ALLEGATIONS OF FALSELY BILLING DEPARTMENT OF
VETERAN AFFAIRS FOR EYEWEAR**

United States Attorney Terrance P. Flynn, Western District of New York, announced a civil False Claims Act settlement between the United States and Korrekt Optical. Korrekt Optical manufactures and provides eyewear to veterans and other government entities under various federal and state contracts. Korrekt Optical is located in Louisville, KY and does business in New York State and in Western New York. The 3.25 million dollar civil settlement resolves allegations Korrekt Optical submitted false claims to the Department of Veteran Affairs (VA) through ophthalmic prescriptions for eyewear for veterans.

The government investigation was based on a qui tam complaint filed pursuant to the False Claims Act, 31 U.S.C. §3729, et seq. The complaint, filed in 2003, alleged that Korrekt Optical had violated VA regulations by routinely submitting claims to the VA seeking reimbursement for false claims through ophthalmic prescriptions for VA eyewear. The complaint alleged the claims were false due to the inclusion of false certifications, unprescribed add-ons, non-rendered services including UV and scratch coating, product substitution and also the involvement of unlicensed dispensers. All of these billing matters have been resolved.

The False Claims statute allows private persons, known as "relators," to file suit on behalf of the United States alleging that false or fraudulent claims have been submitted to the government. Persons who file qui tam suits may recover from 15 to 25 percent of the settlement or judgment if the federal government intervenes in the case. The qui tam provisions have yielded recoveries of more than \$3.3 billion in cases that the Department of Justice pursued. The Department of Justice has paid relators more than \$550 million as their statutory shares, with additional awards pending.

The relators or whistleblowers were represented by Hodgson Russ, LLP, through Dan Oliverio, Esq., Denise E. O'Donnell, Esq., and Jeff Sravino, Esq. Assistant United States Attorney Robert G. Trusiak handled this case and praised the assistance of the relators. Mr. Trusiak stated "the recovery in this case and other qui tam suits demonstrates the public-private partnership encouraged by the False Claims Act works and is an effective tool in the government's continuing effort to combat improper health care claims on behalf of the United States' taxpayers." The relators in this case will receive more than a half million dollars for their efforts in identifying the alleged fraud, filing the False Claims Act suit and the savings to the American taxpayer.

United States Attorney Terrance P. Flynn praised the investigative contributions of the VA Office of Inspector General, the General Accounting Office and the FBI. The United States

Attorney stated that "cases of this magnitude are successfully resolved through only the interagency cooperation manifested in this case." "The effort of the investigative agencies was a significant reason for the successful result in this case."

Korrek Optical cooperated with the government in the investigation. Korrek Optical was locally represented by Rod Personius, Personius Melber, LLP. The cooperation of Korrek is demonstrated through the voluntary settlement serving to conserve taxpayer resources as well as a compliance plan between Korrek and the United States. The compliance plan will ensure Korrek continues to correctly manufacture eyewear provided to veterans and correctly bill the government for such eyewear. Korrek enjoys a reputation as a proficient service provider within the VA system. The resolution by Korrek of the allegations in the civil whistleblower suit constitutes neither an acknowledgment of liability by Korrek nor implicates the private retail business of Korrek.