



# Department of Justice

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## Justice Department Recovers Record \$3.1 Billion in Fraud and False Claims in Fiscal Year 2006

Largest Amount Ever Recovered in a Single Year

WASHINGTON – The United States in the fiscal year ending September 30, 2006 recovered a record amount of more than \$3.1 billion in settlements and judgments in cases involving allegations of fraud against the government, the Justice Department announced today. Previously, the Department's largest recoveries totaled \$2.2 billion for FY 2003. The largest of the FY 2006 settlements against two industry giants – Tenet Healthcare Corporation and The Boeing Company – comprised nearly half the total.

"These record recoveries send a clear message that the Justice Department will not tolerate fraud against the government," said Attorney General Alberto Gonzales. "Since 1986, the Justice Department has recovered \$18 billion from those who commit fraud. These funds are then restored to their intended public purposes and save taxpayers' money."

"By any measure, it was a remarkable year," said Peter D. Keisler, Assistant Attorney General of the Department's Civil Division. "Recoveries in health care fraud climbed more than a billion dollars over last year, and recoveries outside the health care arena—which accounted for 28 percent of the total—increased by half a billion. Obviously, the system is working."

Assistant Attorney General Keisler also paid tribute to Senator Charles Grassley of Iowa and Representative Howard L. Berman of California who sponsored the 1986 amendments to the False Claims Act, the government's primary weapon to fight fraud against the government.

Government-initiated claims accounted for \$1.8 billion of the total \$3.1 billion, while suits brought by whistle blowers under the False Claims Act's qui tam provisions accounted for the remaining \$1.3 billion. The qui tam provisions authorize individuals to file suit on behalf of the United States against those who have falsely or fraudulently claimed federal funds. Such cases run the gamut of federally funded programs from Medicare and Medicaid to defense contracts, disaster assistance and agricultural subsidies.

Individuals who knowingly submit false claims for federal funds are liable for three times the government's loss plus a civil penalty of \$5,500 to \$11,000 for each false claim. If the United States intervenes in a qui tam action, the person who filed the suit may receive from 15 up to 25 percent of the government's recovery. In FY 2006, whistleblowers were awarded \$190 million. (This figure does not reflect whistleblower shares for FY 2006 settlements that were or will be determined after Sept. 30, 2006.)

By industry, 72 percent of the recoveries were in health care, 20 percent in defense, and 8 percent other. Health care fraud accounted for \$2.2 billion in settlements and judgments, including a \$920 million settlement with Tenet Healthcare Corporation, the nation's second largest hospital chain. Although Medicare and Medicaid, both administered by the Department of Health and Human Services, bear the brunt of health care fraud, other programs that are affected include the Federal Employees Health Benefits Program run by the Office of Personnel Management, the TRICARE military health insurance program run by the Department of Defense, and health care programs run by the Department of Veterans Affairs, the Department of Labor and the Railroad Retirement Board. Defense procurement fraud accounted for \$609 million in settlement and judgment awards, including a \$565 million settlement with The Boeing Company, the nation's second largest defense contractor.

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