Anatomy of a False Claims Act Case
Investigation, Negotiation, Litigation, and Resolution

Agenda – Life-Cycle of FCA Case
- Investigation
- Litigation
- Negotiation
- Resolution

Investigation
Relator’s Pre-Filing Investigation and Considerations

- Knowledge of facts involving clear FCA violation?
- Documentary evidence, other proof of fraud?
- Sufficient evidence of “who, what, when, and where” supporting fraud and damages?
- Specific examples of the fraud?
- Damages large enough to justify risks to relator?
- Level of government interest in specific area of law and type of fraud? Is it material to the government?

Investigation – DOJ’s Perspective

- Qui tam v. non-qui tam
- DOJ handling of qui tam investigations
- Basic steps
  - Is there a violation?
  - Are there false claims?
  - Are the false claims material?
  - Did the provider act knowingly?
  - Was the government damaged?

Investigation – DOJ’s Perspective (cont’d)

- Applicable regulations and government policy
- Internal and external audits
- Relators
- Witnesses
- OIG and agency
- Responsibility of individuals
Investigation - OIG’s Role

- OCIG attorney assigned when OIG notified of case
- OCIG attorney coordinates with defrauded agencies, Main DOJ attorney and/or AUSA assigned
  - Evaluate whether other entities need to be involved
  - Evaluate merits of case
  - Consult with counsel and agent re investigative steps
- Individual liability issues

Self - Disclosures

- Intersection of self-disclosure under HHS-OIG Self-Disclosure Protocol and qui tam filing alleging related facts
- No bar to qui tam
- Impact of self-disclosure on OIG view of defendant
- Impact of self-disclosure on potential multiplier under qui tam

Investigation - Defense Perspective

- Indicators that you might be under investigation
- When to retain expert counsel
- Steps to take when you receive a subpoena/CID/request letter
  - What you can learn from the subpoena
  - Responding to the subpoena
- Consider how proactive a role to take
- Yates Memo considerations
  - Potential parallel criminal investigation
  - Focus on individuals
- Missteps to avoid
- Attempt to negotiate resolution, or litigate?
Litigation

Key Topics
- Overview
- Motions to Dismiss – 9(b)
- Counterclaims Against Relator
- Privilege Issues in Discovery (and Elsewhere)
- Breadth of Discovery Requests
- Sampling and Extrapolation
- Motions for Summary Judgment
- Experts

Rule 9(b) Motions to Dismiss
- Question of extent to which relator/government must identify claims actually submitted
- Is description of the fraudulent scheme enough?
- Does it matter if the relator is/was an insider?
- Evolution of the law among the circuits
Counterclaims Against Relator

- Increased use of counterclaims against relators.
- To what extent can relator obtain documents from employer/defendant and provide to government or otherwise use for litigation?
- What guidance does government give to relators who are current employees regarding taking documents from workplace?
- What steps can employer take when it learns relator is current employee?

Privilege Issues in Discovery (and Elsewhere)

- Invocation of advice-of-counsel defense and resulting waiver
- Good faith reliance
- In-house counsel as relators
- Protection of pre-litigation investigation work product

Statistical Sampling and Extrapolation

- Use of sampling in FCA cases versus overpayment situations
- Use of sampling in different types of FCA cases
- Is there a distinction between using sampling for “damages” versus for “liability” purposes?
Motions for Summary Judgment

- Potential usefulness for defendant? Plaintiff?
- Motions for partial SJ
- Timing issues

Negotiation and Resolution

Overview - Negotiation

- Timing can vary
- Objectives of the various parties (DOJ, OIG, MFCU, relator, defendant)
- Key negotiating issues
  - Money
  - Scope of release
  - Existence/scope of CIA
  - Relator's share
  - Attorney's fees
**Negotiation – DOJ Priorities**

- Make Government whole
- Deter fraud
- Consider, address views of victim agency
- Discern individual wrongdoers and proceed accordingly
- Assess strengths and weaknesses of case

**OIG Objectives**

- Appropriate program safeguards OIG
  - Exclusion
  - Reservation of authority
  - Corporate Integrity Agreements
    - Independent review organizations (IROs)
    - Legal IROs
    - Monitors

**Relator Objectives**

- Monetary resolution of FCA claims
  - Intervened
  - Non-intervened
- Relator’s share percentage
- Resolution of any retaliation claims
- Resolution of attorneys’ fee claims
### Defendant Objectives

- Appropriate monetary resolution covering all claims
  - FCA liability
  - Attorneys’ fees
- Release of *all* potential claims
- Least onerous compliance requirements possible going forward

### Negotiation – Getting Started

- Initiation of discussions
  - When?
  - By whom?
- Mediation
  - Who is at the table?
    - Intervened cases
    - Declined cases
- Roles of:
  - Relators
  - OIG

### Alternative Dispute Resolution

- Federal government committed to ADR in “appropriate civil cases”
- Benefits of mediation
  - Objective neutral gives an important reality check
  - Use of an impartial intermediary can change the personal dynamic
  - Non-binding
Monetary Negotiations

- Assessment of merits of the case
  - Each party's principled liability assessment
  - Each party's principled quantification of false claims and single damages at issue
- Debate over the appropriate multiplier
- Realistic assessment of the respective litigation risks of each party
- The pragmatic phase

Key Issues Regarding the Scope of Release

- Defining the “Covered Conduct” to be released
- Defining released parties
- Carve-outs from release
  - Criminal liability
  - Antitrust
  - Tax
- Dismissal of Complaint with prejudice
  - Non-intervened claims

Key Issues Relating to Corporate Integrity Agreements

- Overarching issues
  - Effectiveness of existing compliance program
  - Track record of provider
- CIA vs. Reservation of Rights
- Scope of CIA
  - Definition of issues covered by CIA
  - IRO?
  - Legal IRO?
  - Monitor?
Key Issues Affecting Relators

- Relators’ share
  - Negotiation between DOJ and Relator
    - How much did Relator contribute
    - How much did Relators’ counsel contribute to the investigation and litigation
    - Posture of the case and many other factors
- Attorneys’ fees
  - Negotiation between Provider and Relator

Other Key Issues

- Impact of state law claims
  - State FCAs
  - States as parties
  - Role of NAMFCU
  - Relationship to other litigation with Relators
  - Complications resulting from increased focus on individual liability
  - Clarity of rules going forward
    - Applicability to all like providers
      - "Leveling the playing field"

Resolution: Settlement Agreement

- DOJ sends initial draft
- Standard language
- Key terms to negotiate:
  - Covered conduct
  - Released parties
  - (Mostly) Non-negotiable terms
Settlement – Other Considerations

- Cooperation
- Individuals
- Who signs
- Confidentiality
- Press release

Resolution: OIG-Specific Issues

- Administrative Remedies
- Corporate Integrity Agreement
  - OIG sends initial draft
  - Standard language
  - Also specific terms based on conduct and provider
  - Negotiated between OIG and defendant
  - Timing issues

Resolution: Relator-Specific Issues

- Attorney fees and retaliation claims
- Relator’s share
- Relator’s right to object to settlement as unfair, inadequate, unreasonable
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