



# FEDERAL AND STATE FALSE CLAIMS ACT

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*Contractor Roles and Responsibilities*

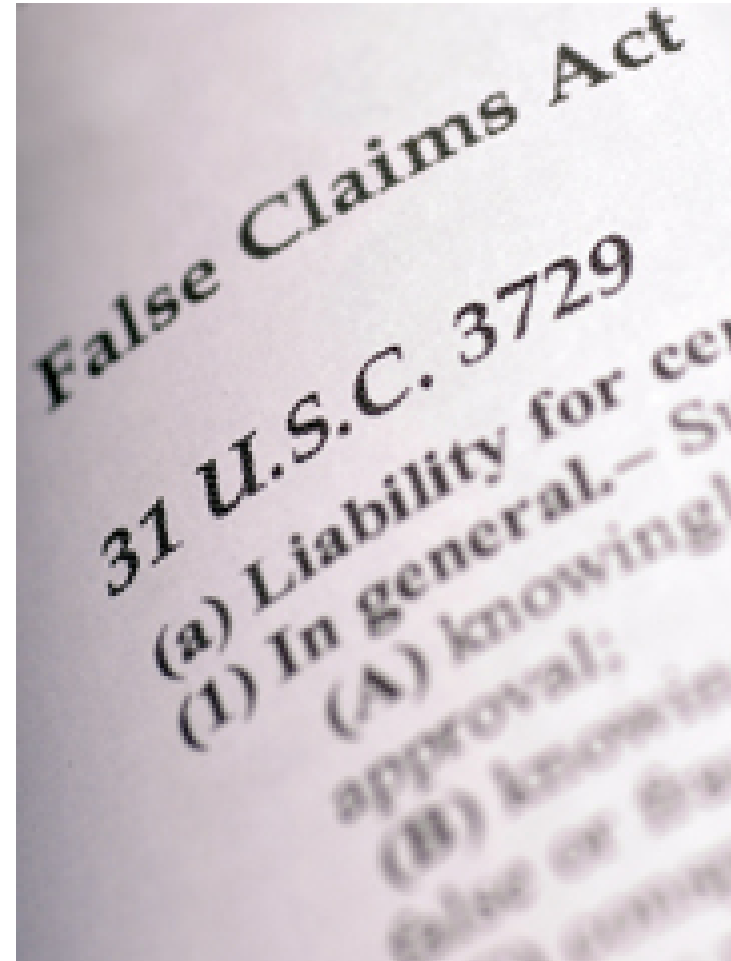


# FALSE CLAIMS ACTS



## PURPOSE

Enacted to combat fraud, waste and abuse committed by contractors against the United States and the State of California





## FEDERAL AND STATE REQUIREMENTS

- **Duty** – to prevent fraud, waste and abuse of taxpayers dollars
- **Obligation** – to report suspected instances of fraud, waste and abuse



# LEGALITIES

## LIABILITY

- The False Claims Acts establishes liability for any person who:
  - **KNOWINGLY**
    - presents false or fraudulent claims to the US Government or the State of California for payment (or conspires to do so)
    - makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved (or conspires to do so)
    - falsifies a receipt for state property or delivers less property than indicated on the receipt
    - buys or takes a pledge of public property from another not authorized to sell or pledge the property



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# LEGALITIES

## LIABILITY

- (CONT) The False Claims Acts establishes liability for any person who:
  - **KNOWINGLY**
    - benefits from a false claim to the Government or State
    - makes, uses, or causes to be used a false record which supports a financial or property obligation to the Government, or decreases an obligation to the Government (i.e. tax fraud)
    - Benefits from an inadvertent submission of a false claim and fails to disclose the false claim after discovery



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# LEGALITIES

## “KNOWINGLY”

- Actual knowledge that the information is false
- Acts in deliberate ignorance of whether the information is true or false
- Acts in reckless disregard of whether the information is true or false

**PROOF OF SPECIFIC INTENT TO DEFRAUD IS NOT REQUIRED**



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# LEGALITIES

## CIVIL PENALTIES

- Federal False Claims Act
  - Treble (3x) damages, plus
    - \$5,000 to \$10,000 per claim
    - Potential exclusion from Government programs
    - Potential suspension of Federal payments
- California False Claims Act
  - Treble (3x) damages, plus
    - \$5,000 to \$10,000 per claim
    - District Attorney, City Attorney and County Counsel have option to prosecute the claim



# LEGALITIES

## CIVIL PENALTIES

- Liability Reduction
  - If a false claim occurs, the court may assess “not less than” double (as opposed to 3x) damages and costs, IF within 30 days of discovery:
    - We self report;
    - We fully cooperate with any investigation;
    - No legal proceeding has been commenced regarding the violation;  
and
    - We have no knowledge of a governmental investigation of the violation







## WHISTLEBLOWER



- “Qui Tam”
  - Encourages insiders (relators) to come forward with False Claims evidence
- Financial Incentives
  - If the Government does not intervene, the relator may receive between 25% to 30% of any recovery
  - If the Government does intervene, the relator may receive between 15% and 25% of any recovery



## WHISTLEBLOWER

- Anti Retaliation Protection – Federal law protects whistleblowers



**The County takes all allegations of fraud, waste and abuse very seriously and will review all allegations thoroughly.**

**Employees reporting these issues can remain anonymous if they wish, to the extent the law allows.**



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Steps you should take if you suspect or have knowledge of fraud, waste or abuse of program funds, or just want to discuss a concern:

1. Talk to your Supervisor or Manager
2. Talk to your COR
3. Call the HHSA Compliance Office  
Christy Carlson ~ 619.338.2807
4. Call the Office of Ethics and Compliance  
Bob Borntrager ~ 619.531.6263
5. Utilize the County Anonymous Hotline  
866.549.0004



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## REMEMBER

- ~ YOU know the programs better than anyone else
- ~ YOU are in the best position to know when there is a problem or concern
- ~ The best prevention against false claims is YOUR awareness and diligence



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# QUESTIONS

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