

# Bringing Back the 80's in False Claims Act Enforcement

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SAN FRANCISCO, CA, USA, March 26, 2014 /EINPresswire.com/ -- From clothing to music to the Oscar-nominated Wolf of Wall Street, the late 80's and early 90's are fashionable again. The 1980's were memorable for more than pop culture, though. The modern era of False Claims Act enforcement started with the passage of the modern amendments to the False Claims Act in 1986.

The 1986 Amendment came largely in response to reports of rampant fraud in defense contracting. Before the 1986 Amendments, the Department of Justice estimated that "between 1 percent and 10 percent of the entire federal budget [was] lost to fraud every year." S. Rep. No. 345, 99th Cong., 2nd Sess. 3 (1986). After the pivotal 1986 Amendments, the False Claims Act became the most powerful weapon in fighting fraud against the government. The earliest recoveries under the modernized FCA came from defense contractors involved in massive multi-million dollar contracts with the Defense Department.

Building on undisputed success using the False Claims Act – and its powerful qui tam provision -- in combatting fraud in defense contracts, the federal government began applying the same strategy to the growing epidemic of healthcare fraud. The recent healthcare fraud recoveries under the False Claims Act are impressive. In 2011, \$2.4 billion of the \$3 billion recovered involved fraud committed against federal health care programs. In 2013, \$2.6 billion of the \$3.8 billion recovered involved healthcare fraud. Does that mean there's no fraud left in the defense industry? Hardly.

The Department of Defense still accounts for 70 percent of federal contract spending, which amounts to \$367 billion annually, according to the [Center for Public Integrity](#). These lucrative contracts unsurprisingly continue to attract a wide-range of frauds. For example, last year DOJ announced a high-profile enforcement action against Glenn Defense, the largest contractor to the Navy's Pacific Fleet. It is also investigating a False Claims Act suit originally brought by a whistleblower who alleged that Inchcape Shipping Services, which is owned by the government of Dubai, "[paid commissions](#)" to subcontractors to offer large discounts, and pocketed the millions saved instead of passing it along to the Navy. Inchcape and Glenn have both been suspended from further contracting.

Observers say these cases are a sign that the U.S. military is being defrauded on a massive scale. "It's like finding a couple of cockroaches in the kitchen when you turn on the light," said a professor and former regulator of wartime contracting to the New York Times recently. Indeed, a 2011 Report commissioned by Senator Sanders (I-Vt), found that hundreds of defense contractors that defrauded the U.S. military received more than \$1.1 trillion in Pentagon contracts during the past decade.

So what efforts are being made to beat back what Senator Sanders described as "shocking" numbers? According to a 2009 report by the Center for Public Integrity, "the number of defense contracting fraud and corruption cases sent by government investigators to prosecutors dropped precipitously under the Bush administration, even as contracting by the Defense Department almost doubled." President Obama pledged to root out corruption in defense contracting when he took office, but recent Justice Department numbers show healthcare fraud recoveries still dramatically outpace defense fraud recoveries.

So how do we bring back defense contractor fraud enforcement like we saw in the 80's and early 90's? That's simple: Whistleblowers with information about defense contractors defrauding the federal government can still file qui tam lawsuits using the False Claims Act. It will be like the 1980's all over again. Shoulder pads and hair spray optional.

Article provided by <http://FalseClaims.JusticeNewsFlash.com>.

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