



CAMPUS COUNSEL

A legal blog written for administrators, HR professionals, in-house counsel, and deans at colleges and universities

University & Affiliates Pay \$9M for False Claims Act Violations Filed Against Trustees and Others

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In late October, Columbia University and an affiliated public health agency, International Center for AIDS Care and Treatment Programs (ICAP), paid \$9 million to settle a civil fraud suit under the U.S. False Claims Act. The suit included as defendants the Trustees of Columbia University. The settlement arose out of a whistleblower case first filed under the False Claims Act by the former Director of Finance for Columbia's affiliate, ICAP. The U.S. Attorney alleged that Columbia and others submitted false claims for payment in connection with AIDS- and HIV-treatment related federal grants. Specifically, the U.S. Attorney alleged that Columbia received millions of dollars in federal funding and grants, which required the defendants to "use a suitable means of verifying that the employees had actually performed the work charged to a particular grant." In settling, Columbia admitted and acknowledged that it failed to comply with these and other funding requirements. Columbia was aware that these conditions were not met, alleged the U.S. Attorney, but it "continued wrongly to charge many federal grants for work that was not devoted to the projects they funded."

Practice Tip: *This settlement highlights the need for risk management protocols regarding funding and grant conditions and requirements in all areas of an institution. Part of that protocol should be a clear means for employees to raise issues regarding compliance (i.e. whistleblower concerns) without reprisal – and before they become a qui tam action. It also highlights the risk exposure for Trustees for false claims and the implications for insurance coverage for trustees on False Claims Act (or qui tam) claims.*

To read more about the Columbia situation and the insurance implications, please go to www.bdinsurancelitigation.com.