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**JUSTICE RECOVERS RECORD \$1.5 BILLION IN FRAUD PAYMENTS**  
**HIGHEST EVER FOR ONE YEAR PERIOD**

WASHINGTON, D.C. - The United States collected a record \$1.5 billion in civil fraud recoveries during the past fiscal year - an increase of almost 50% above the largest previous annual recovery in 1997, Attorney General Janet Reno announced today.

"This new record demonstrates the Department's continued commitment to ensure the proper use of taxpayer monies," said Attorney General Reno. "The Department will continue to pursue those who seek to defraud the United States, whether by providing defective products, billing for services that were not provided or otherwise misusing public funds for private gain."

Approximately \$1.2 billion of the Department's settlements and judgments occurred in connection with cases filed under the federal whistleblower statute, which allows individuals who disclose fraud to share in the government's recovery. To date, payments to whistleblowers for the past fiscal year (October 1, 1999 - September 30, 2000) have totaled approximately \$173 million.

Health care fraud cases once again topped the list of annual recoveries, totaling more than \$840 million. This amount included the largest civil fraud recovery ever - a \$385 million settlement with Fresenius Medical Care to resolve sweeping allegations of wrongdoing by its kidney dialysis subsidiary. The Department also recovered \$170 million from Beverly Enterprises, Inc., the largest nursing home operator in the United States, for alleged false billings to Medicare involving over 400 nursing homes around the country.

"Health care fraud imposes enormous costs on American taxpayers and decreases the quality of care provided to patients," said Assistant Attorney General David W. Ogden of the Department's Civil Division. "Although the vast majority of health care providers are honest and provide the highest standard of care, stopping those who prey on the health care system remains one of the Department's top law enforcement

priorities."

After health care, the largest category of fraud recoveries involved the production of oil and other minerals from public lands. The Department recovered more than \$230 million from companies alleged to have underpaid royalties on such production, including \$95 million from Chevron, \$56 million from Shell, \$32 million from BP Amoco, \$26 million from Conoco and \$11.9 million from Devon Energy.

The Department's recoveries also included over \$140 million in settlements with twenty-five brokerage firms. These companies allegedly sold open market securities with artificially low yields to municipalities refunding tax-exempt bonds, thereby reducing the municipalities' purchase of special low-interest Treasury bonds. Defense procurement fraud accounted for another \$100 million in recoveries, including up to \$54 million from the Boeing Corporation to resolve allegations that it placed defective transmission gears in army Chinook helicopters.

The Department's record level of recoveries for fiscal year 2000 also included the following:

- \$74 million from Anthem Blue Cross and BlueShield, formerly the Medicare Part A intermediary for Connecticut, to resolve claims that it underreported the total amount of interim payments by hospitals to improve scores on Health Care Financing Administration evaluations;
- \$53 million from Gambro Healthcare Patient Services, Inc. to resolve allegations that it billed Medicare for unnecessary laboratory tests;
- \$35 million from Jacobs Engineering Group in connection with allegations that it improperly charged overhead costs to various government contracts;
- \$33.5 million from Toshiba Corporation to settle claims arising from its sale of defective computer laptops to various federal agencies;
- \$31 million from Community Health Systems for allegedly "upcoding" - the improper assignment of diagnostic codes to hospital inpatient discharges for the purpose of increasing reimbursement amounts to various hospital services; and
- \$16.6 million from two government contractors, CRSS, Inc. and Metcalf & Eddy, for alleged false billings in connection with the construction of an air defense system in Saudi Arabia.

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