



Department of Justice

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**LIFESCAN, INC. AGREES TO PAY UNITED STATES \$15 MILLION
FOR OVERCHARGING VETERANS AFFAIRS DEPARTMENT**

WASHINGTON, D.C. -- A government contractor will pay the United States \$15 million to settle civil claims that it overcharged the Department of Veterans Affairs (VA), the Justice Department announced today.

The settlement resolves allegations that Lifescan, Inc. failed to notify the VA that it had reduced prices to certain commercial customers below the cost negotiated by the agency. As a result, the VA, and other federal agencies purchasing through the contract, were overcharged. The overcharging was brought to the attention of the government by Johnson & Johnson, Inc., Lifescan's parent company, under the VA's voluntary disclosure program.

"The Department encourages companies to come forward with information about past mistakes and to offer to rectify matters without the necessity of litigation," said Robert D. McCallum, Jr., Assistant Attorney General for the Department's Civil Division.

Johnson and Johnson informed the VA that the company's contracting personnel failed to notify the federal agency about an agreement with a national account which gave that customer significantly lower pricing for certain medical supplies. The contract between the VA and Lifescan required that the company notify the agency of any such cost reductions and to pass the lower prices on to government customers purchasing through the VA contract.

The VA Office of Inspector General investigated the case and confirmed that the government had been overcharged. The Justice Department's Civil Division and the Office of the U.S. Attorney for the Northern District of California negotiated the settlement with J&J.

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