



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
JANUARY 11, 2007**

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**U.S. SETTLES CIVIL CHARGES AGAINST FORMER PRESIDENT
OF THE INSTITUTE FOR CANCER PREVENTION, AND
OTHER RELATED PARTIES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today that Dr. DANIEL NIXON, former president of the Institute for Cancer Prevention ("IFCP"), IFCP's former officers, and the former members of IFCP's Board of Trustees have agreed to pay \$2,300,000 to resolve civil False Claims Act charges and any other civil claim arising from IFCP's alleged unlawful receipt and use of federal grant money. In addition, Tatum, LLC ("Tatum"), a financial services firm, has agreed to pay \$400,000 to resolve civil claims arising from its services to IFCP. Finally, Weiser, LLP ("Weiser"), IFCP's outside auditor, has agreed to pay \$500,000 to resolve negligence claims relating to its audits of IFCP. The settlement agreement was filed in bankruptcy court and approved by Judge ALLAN L. GROPPER.

IFCP is a not-for-profit medical research foundation located in Valhalla, New York. IFCP declared bankruptcy in 2004 and is no longer operating.

According to court papers, during 2002 and 2003, IFCP derived approximately ninety percent of its revenue from federal grants and contracts from the National Institutes of Health. Pursuant to its federal grants, IFCP was allowed to draw down grant money only to pay specified eligible federal grant expenses that were immediately due and owing. During calendar years 2002 and 2003, however, IFCP drew down approximately \$5 million of federal grant money to pay bills that were not eligible for reimbursement under its federal grants. In addition, IFCP submitted false financial reports regarding its draw downs to the United States Department of Health and Human Services ("HHS").

In September 2004, IFCP declared bankruptcy. According to court papers, through its court-appointed trustee (the "Trustee"), IFCP has allowed the Government's claim in the

bankruptcy in the amount of \$5 million of federal grant money. The Trustee, on behalf of IFCP, has been working with the United States to recoup that money from culpable third parties.

Pursuant to the settlement agreement, a number of parties have agreed to make payments to resolve the United States' and the Trustee's potential civil claims against them. First, IFCP's former president, trustees and officers, have agreed to pay a total of \$2.3 million to resolve any civil False Claims Act and other civil claims against them. Of that amount, the federal government will receive \$1,725,000, and the Trustee will receive \$575,000 for distribution to IFCP's creditors.

Second, Weiser, LLP, IFCP's independent auditor, has agreed to pay \$500,000. The United States contends that Weiser was negligent in performing its services. The \$500,000 payment will be divided, with the federal government receiving \$375,000 and the Trustee receiving \$125,000 for the benefit of IFCP's creditors.

Finally, Tatum has agreed to pay \$400,000. The United States contends that Tatum was negligent in its provision of financial advice to IFCP. The federal government will receive \$300,000 of Tatum's payment and the Trustee will receive \$100,000 for distribution to IFCP's creditors.

The settlement does not release any of the parties for any violation of the criminal laws. None of the parties making payments under the settlement agreement has admitted any liability or wrongdoing in connection with the settlement.

Previously, in February 2000, IFCP (then known as the American Health Foundation) agreed to pay the federal government almost \$4 million in settlement of a federal lawsuit alleging that IFCP had improperly withdrawn millions of dollars of federal grant money from September 1991 through December 1994.

Mr. GARCIA thanked the Department of Health and Human Services, Office of the Inspector General, and the Federal Bureau of Investigation for their assistance in the investigation.

Assistant United States Attorney JEFFREY OESTERICH is in charge of the case.

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