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EASTERN DISTRICT OF PENNSYLVANIA RECOVERS BILLIONS
IN CIVIL CASES

Recoveries Since 2004 Top \$4 Billion

PHILADELPHIA - The Office of U.S. Attorney for the Eastern District of Pennsylvania has recovered over \$4 billion (\$4,389,649,934.59) since 2004, announced U.S. Attorney Zane David Memeger. The majority of the recoveries were from health care fraud cases which brought in \$4,351,632,149.18. Recoveries from cases involving the pharmaceutical industry comprise the bulk of the health care recoveries.

In 2010 alone, the office recovered nearly \$1 billion (\$965,807,800) from pharmaceutical cases. AstraZeneca Pharmaceuticals paid \$520 million for its illegal marketing of the anti-psychotic drug Seroquel. Novartis Pharmaceuticals Corporation resolved charges of off-label marketing of Trileptal and payment of kickbacks to health care providers to induce them to prescribe its drugs Trileptal, Diovan, Exforge, Tekturna, Zelnorm, and Sandostatin by agreeing to pay \$422.5 million. In January 2009, the office announced a resolution with pharmaceutical company Eli Lilly for its off-label marketing of the anti-psychotic drug Zyprexa. The combined civil and criminal settlement, which totaled \$1.415 billion, was the largest amount paid by a single defendant in the history of the United States Department of Justice ("DOJ") at the time. Since 2004, settlements between pharmaceutical companies and this office have topped \$4 billion (\$4,267,707,800). (See attachment for details on Pharmaceutical recoveries)

In addition to resolutions against pharmaceutical companies, in 2010, the district's civil division collected more than \$19 million (\$19,210,433.18) in penalties and damages in cases that involved other health care fraud, environmental harm, procurement fraud, consumer fraud, and fraud on other federally funded programs.

"This office is dedicated to ensuring that individuals and companies comply with the law, and that government programs financed with American tax dollars are not taken advantage of unfairly," said Memeger. "As clearly demonstrated by the settlements and recoveries achieved by our civil division since 2004, this office has fought hard to protect the public interest in many areas, including healthcare, education, food processing, consumer protection and the environment. Through hard fought creative settlements, we have been able to stop individuals and businesses from engaging in healthcare fraud under the Medicare and Medicaid programs; to stop telemarketing businesses from preying on the elderly; and to stop businesses from polluting

our waterways. As we head further in 2011, my office will continue with the same vigor and persistence as shown in years prior.”

“Working with the U.S. Attorney’s Office for the Eastern District of Pennsylvania as well as their colleagues around the country, the Civil Division has, in the last two years, recovered more taxpayer dollars lost to fraud than in any other two-year period in the Justice Department’s history,” said Tony West, Assistant Attorney General for the Civil Division at the U.S. Department of Justice. “We thank the EDPA U.S. Attorney’s Office for the extraordinary leadership they’ve provided to help us achieve such strong results for the American people.”

2010 Civil Monetary Recoveries

Examples of other 2010 civil recoveries include payment of \$3,283,725 by St. Mary’s Medical Center in Langhorne, to resolve improper billings to Medicare; Mercy Health System’s payment of \$7,920,708.18 to resolve improper billing to Medicare; Cardinal Health 100, Inc.’s payment of \$5.5 million to resolve claims that and it overcharged the Department of Defense for pharmaceuticals sold to military treatment centers; and Temple University Health System’s payment of \$130,000 for failing to keep proper records of controlled substances, and failing to take effective precautions to prevent theft or loss of controlled substances.

In addition to health care fraud, in 2010 the Civil Division recovered \$2.26 million for violations of environmental laws. JBS Souderton, Inc., formerly known as Smithfield Beef Group, agreed to pay federal and state authorities a total of \$1.9 million in civil penalties and \$100,000 in damages to resolve violations of the Clean Water Act. Bristol Township paid \$226,000 in a civil penalty to resolve allegations that it violated federal and state water pollution control laws and regulations at its water treatment works in Bucks County.

Protection of the Public

Monetary penalties are only one tool that the civil division utilizes to better protect the public. The Eastern District of Pennsylvania has used civil injunction proceedings to produce unprecedented results in the areas of consumer protection and quality of care. In 2010, the civil division filed an injunction in the case of U.S. v. DeMarco seeking to forestall foreclosures against victims of a mortgage fraud scheme.

As a result of this office’s efforts, an injunctive action against Payment Processing Center, in 2008, resulted in the freezing of assets which then allowed the repayment to consumer fraud victims (many of whom were vulnerable senior citizens) of more than \$100 million, the payment of \$10 million in civil penalties, and another \$9 million paid for a consumer fraud education fund.

Another example of the creative use of injunctive relief involved a facility that provided

substandard care to medically fragile children. The Civil Division's injunctive action against Holland Glen (2008) resulted in new management, a monitor for the facility, and agreement to abide by the requirements of the Federal Nursing Home Reform Act.

U.S. Attorneys' Offices Nationwide

United States Attorney's offices are responsible for enforcing and collecting civil debts owed to the United States. According to statistics from the Department of Justice, in 2010, \$3.84 billion was collected in civil actions, nationwide. The largest civil collections were from affirmative civil enforcement cases, in which the United States recovered government money lost to fraud or other misconduct or collected fines imposed on individuals and/or corporations for violations of federal health, safety, civil rights or environmental laws. In addition, civil debts were collected on behalf of several federal agencies, including the U.S. Department of Housing and Urban Development, Health and Human Services, Internal Revenue Service, and Small Business Administration.

Financial collections by the Department of Justice in criminal and civil actions in fiscal year 2010 reached an all time high due to the efforts of the U.S. Attorney's offices, nationwide. The 94 U.S. Attorney's offices collected \$6.68 billion during the government's fiscal year. This amount is more than three times their appropriated budget for FY 2010.

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