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NEWS RELEASE

## Attorney General Frosh Urges New Tool to Crack Down on Fraud

**(Baltimore, MD – Feb. 5, 2015)** Calling it a powerful tool to prevent fraud and abuse in state and local government, Attorney General Brian E. Frosh today unveiled his top priority for the 2015 legislative session and urged the General Assembly to adopt the Maryland False Claims Act.

Under the Act, submitted today with bipartisan support in both the Senate and House of Delegates, whistleblowers would be empowered and encouraged to alert government about fraud committed by private contractors. The law would allow state and local employees, among others, to file lawsuits on behalf of governments, with whistleblowers receiving a portion of funds recovered through the litigation they initiate.

“The False Claims Act multiplies our resources to fight against fraud,” Attorney General Frosh said. “What this law does, in effect, is incentivize integrity.”

“When the government is being cheated, it often remains in the dark,” Frosh said. “Employees often have the most detailed knowledge about what is going on, and this new law would help bring that information to light, for everyone’s benefit.”

Under the provisions of the proposed False Claims Act:

- Individuals who know about fraud could bring cases to the attention of the government. The Act applies to both state and local governments.
- The Office of the Attorney General, or local State’s Attorneys Offices, would review cases and pursue those with the most merit. This screening process insures that only the strongest cases move forward.
- When a case is successful, the state may receive triple damages for its losses, while the employees who initiated the claim are allowed to collect a reward, and also receive protection against on-the-job retaliation.

Maryland currently has a limited version of the False Claims law, applying to cases of Medicaid and health-care related fraud. The state has recovered an average of \$28 million a year for the past two years from Medicaid-related cases initiated by whistleblowers and others. The expanded

law would encourage additional cases such as billing for work not performed or providing an inferior or defective product, and has the potential to recoup millions of dollars more every year. Twenty other states have adopted the broader version of the False Claims statute that Frosh supports.

The federal government recouped nearly \$5 billion in 2012 from its version of the False Claims Act, with 60 percent coming from medical claims and 40 percent from other actions.

The legislation introduced today in the General Assembly has 41 co-sponsors in the House of Delegates and 18 co-sponsors in the Senate, spanning both parties and including a majority of members of the Senate Judicial Proceedings Committee and the House Judiciary Committee.

“This is a common-sense measure that gives Maryland a much-needed boost in the battle against waste, fraud and abuse,” said Sen. Michael Hough, a co-sponsor of the bill who sits on the Judicial Proceedings Committee. “This law – which has been supported by leaders from both parties in the federal government and many states – will even the playing field for honest businesses and recoup millions for Maryland taxpayers. That’s a win-win.”

“In tough budget times, it’s a scandal that we’re not doing everything we can to stop the rip-off of taxpayers and government programs,” said Sen. Jamie Raskin, another co-sponsor of the legislation. “The Maryland False Claims Act will empower our people and our prosecutors to blow the whistle on contractor fraud.”

Added Del. Samuel Rosenberg, a co-sponsor and member of the House Judiciary Committee: “We need to enact this law now. It will prevent fraud and waste of taxpayers' money. Similar laws have succeeded in Washington and in other states.”

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