Press Release

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WLF Urges Supreme Court to Hear Case About Scope of False Claims Act

(*Wisconsin Bell, Inc. v. United States ex rel. Heath*)

> **"The False Claims Act's purpose is to prevent fraud against the United States, not to pad the pockets of relators and plaintiffs' lawyers."**
> —John Masslon, WLF Senior Litigation Counsel

WASHINGTON, DC—Washington Legal Foundation (WLF) today urged the U.S. Supreme Court to hear an important case about the False Claim Act's scope. WLF's amicus brief explains the case's broad implications and why the United States Court of Appeals for the Seventh Circuit's decision conflicts with the FCA's purpose and history.

The case arises from Wisconsin Bell's providing services under the federal E-rate program, which gives discounted telecommunications services to school and libraries. The program is paid for with funds collected from telecommunications providers nationwide. A private company administers the program and disburses the money to schools, libraries, and telecommunications providers. The funds never touch the federal treasury. Still, the relator here sued Wisconsin Bell arguing that it was overcharging for E-rate services. The Seventh Circuit split from the Fifth Circuit by holding that the E-rate program is covered by the FCA. Wisconsin Bell has asked the Supreme Court to review that decision.

In its amicus brief supporting Wisconsin Bell, WLF argues that the case has wide-ranging implications far beyond the E-rate program. First, the private company that administers the E-rate program also administers programs for telecommunications services to low-income individuals, rural health care clinics, and rural residents. Second, a different private company administers the program that hearing-impaired and speech-impaired individuals use to communicate over the phone. These four programs are covered by the FCA under the Seventh Circuit's decision. Third, Fannie May and Freddie Mac may also be covered under the Seventh Circuit's definition of agent of the United States, which could wreak havoc in the mortgage industry.

The brief also describes why the Seventh Circuit's holding conflicts with the FCA's long history. The FCA was passed during the Civil War to help catch those who were bilking the government out of much-needed war funds. For the past 160 years, every amendment to the statute has sought to protect the federal fisc or avoid parasitic qui tam actions. The Seventh Circuit's decision, however, does not protect the federal fisc and encourages parasitic suits.

Celebrating its 47th year, WLF is America's premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.

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