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## WLF Urges Supreme Court To Limit 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 reverse a decision of the U.S. Court of Appeals for the Seventh Circuit that permits False Claims Act suits in cases where the federal fisc is not at risk. In an amicus brief, WLF explains how the Court’s ruling will affect vulnerable Americans and why the FCA’s history supports reversal.

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, and the Supreme Court agreed to resolve that split.

WLF’s brief explains the case’s wide-ranging implications. 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 a program that helps hearing-impaired and speech-impaired individuals to communicate over the phone. These four programs would be covered by the FCA if the Supreme Court affirms. Third, Fannie May and Freddie Mac would also be covered if the Court adopts the Seventh Circuit’s definition of agent of the United States. This could wreak havoc on the mortgage industry.

The brief also describes how 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.*