

Saint Louis University to Pay \$1 Million For Overcharging Federal Grant Programs

ST. LOUIS--Saint Louis University will pay \$1 million to settle charges that its School of Public Health committed fraud in charging the federal government for supplemental pay for faculty members, U.S. Attorney for the Northern District of Georgia David E. Nahmias announced July 8 (*United States ex rel. Balas v. Saint Louis University*, N.D. Ga., No. 1:05-CV-01405-CAP, *settlement reached 7/8/08*).

According to a statement from Nahmias's office, the SLU's School of Public Health violated the federal False Claims Act by seeking payment for "additive" or "supplemental" pay for faculty members from federally funded grants, contracts, and cooperative agreements.

But the university issued its own statement denying "unequivocally" that it engaged in a scheme to defraud the government, and said that researchers "in all instances" completed the work for which they were reimbursed.

"The government did not require the University to enter into a corporate integrity agreement, nor did the University concede liability for the disputed reimbursement practices," the SLU statement said. "The University is agreeing to settle this case to avoid further costs of litigation."

According to Nahmias's office, the settlement arose from a whistleblower lawsuit filed in May 2005 by a former dean of the School of Public Health, Andrew Balas. The lawsuit charged that the SPH engaged in a scheme to defraud the federal government by overstating the time some faculty members were spending on grants from the Centers for Disease Control and Prevention, which had the effect of inflating the supplemental income the faculty members received through the grants.

A subsequent investigation revealed that the SPH also inflated the hours faculty members spent on grants from the National Institutes of Health and the Department of Housing and Urban Development, with similar effects on their reimbursement by the federal government, the statement said. The investigation also showed that the SPH did not comply with federal requirements regarding the tracking of hours worked on federal grants.

In addition to the fine, the settlement requires the university to submit to more stringent yearly audits in order to continue participating in federally funded research, the government statement said.

SLU said in its statement that its tracking systems were contested by the government, but claimed that it did in fact have a system in place. It also said it had taken steps to "enhance its policies and procedures related to these reimbursement issues...."

Under the qui tam provision of the FCA, Balas will receive \$190,000 of the settlement, the government statement said. SLU said it "strongly denies" the allegations made by Balas.

In the government statement, Nahmias said, "The Justice Department remains committed to protecting federal funds from fraud. This settlement should be a reminder to those who receive federal funding of any kind that they must abide by the rules and regulations that govern receipt of that funding."

The case was prosecuted by Assistant U.S. Attorney Laura K. Bonander. 