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Grassley Receives 'Honest Abe' Award for Work to Root Out Fraud

Nov 18, 2015

WASHINGTON – Senate Judiciary Committee Chairman Chuck Grassley today received the “Honest Abe Integrity in Government” award from the Taxpayers Against Fraud Education Fund for his work to shield taxpayers from fraud against the government.

Inscribed on the award is, “Senator Chuck Grassley – the father of the modern False Claims Act, for his lifetime of public service, tireless commitment to protecting America’s tax dollars, and unwavering support for whistleblower programs.”

Grassley introduced key reforms to modernize the False Claims Act, which was originally enacted during the Abraham Lincoln administration to prosecute fraud against taxpayers by unscrupulous companies and government contractors. Grassley’s amendment empowered employees of government contractors to call attention to fraud against the government. Since the reforms were enacted, the government has recovered more than \$44 billion in taxpayer dollars, and is said to have deterred billions more. Most of those cases were initiated by courageous whistleblowers. The law is the most successful tool of the federal government in rooting out fraud against the Treasury.

Grassley said that the broad scope of government programs where whistleblowers have helped to recover taxpayer dollars with the False Claims Act is a testament to the law’s flexibility and value.

“When we protect whistleblowers, value their contributions, and hold wrongdoers accountable, we get the best results. We recover lost taxpayer money and keep the market for government business operating fairly and honestly,” Grassley said in remarks after receiving the award.

The Taxpayers Against Fraud Education Fund is a nonprofit dedicated to combating fraud against government and shielding public resources through public-private partnerships, according to its website. The organization is composed of whistleblowers and attorneys who work to correct fraud against the government and American taxpayers.

Grassley’s complete remarks to the Taxpayers Against Fraud Education follow:

**Prepared Statement of Senator Chuck Grassley
Acceptance of “Honest Abe Integrity in Government” Award
Taxpayers Against Fraud Education Fund
Wednesday, November 18, 2014**

Thank you all for inviting me to speak with you today.

It is a pleasure to be here, and an honor to receive the “Honest Abe Integrity in Government Award,” as we begin to mark the 30th anniversary of the passage of the qui tam amendments to the False Claims Act.

I would like to take a moment to talk about that word: Integrity. Integrity means being honest, and being fair. It's what the American people deserve from their government. They should be able to count on honest leaders, and programs and funds that are run and spent the way they are supposed to be. But as one of our Founding Fathers James Madison observed, we are ruled by men, not by angels.

In my oversight work, I see the wisdom of Madison's call for meaningful controls on government. From the separation of powers, to today's watchdogs and whistleblowers, we need real checks on waste, fraud, and abuse.

Government contractors and grantees benefit from hard-earned taxpayer money. The taxpayers deserve fair and honest work in return.

One of the best tools we have to protect those funds is the modern-day False Claims Act.

Before I authored the 1986 qui tam amendments to the False Claims Act, fraud against the Government ran wild. It was clear that the Justice Department could not stop it without some help.

A 1981 report by the Government Accountability Office said:

"For those who are caught committing fraud, the chances of being prosecuted and eventually going to jail are slim . . . The sad truth is that crime against the Government often does pay."

The 1986 amendments changed the game. They protected and empowered whistleblowers to go after fraud in a meaningful way. The results speak for themselves.

Before the 1986 amendments, the False Claims Act brought in a tiny fraction of what it does today, only about \$40 million a year. Since 1986, the government has recovered more than \$44 billion in False Claims Act settlements and judgments. Eighty percent of these cases are initiated by whistleblowers.

Even lawyers can't argue with those numbers.

The biggest violators of the False Claims Act make a lot of noise about "strengthening" the law. But, in nearly three decades, no other law has been nearly as effective in combating fraud. In fact, I have yet to see any concrete proposal that can do better.

Yet, critics continue to try and hamstring the False Claims Act in the courts and in Congress.

This is no time for that. Now more than ever, we cannot afford a weak False Claims Act.

Fraudsters' tricks are multiplying, and the reach of Government is expanding with sprawling programs like Obamacare. All that does is give wrongdoers bigger and bigger targets.

Is it any surprise that the Government recovered more than \$2.4 billion last year in health care fraud alone through the False Claims Act? And, across the federal government, we now spend 1 trillion dollars in contracts and grants each year.

Inspectors general, the Government Accountability Office, and congressional oversight committees simply haven't been able to keep up.

Yet whistleblowers succeed when other oversight resources fail. We need whistleblowers more than ever.

First, we need to make sure they're protected.

Large corporations argue that whistleblowers should be forced to report wrongdoing internally before going to the government. In many corporations, that just paints a target on your back. Requiring whistleblowers to report internally would chill reporting and allow misconduct to continue in the shadows. Critics say that "gold standard" compliance programs would address employees' fears about coming forward and keep a company honest. But such a "get out of jail free" pass is just not going to work.

No one can tell you exactly what a "gold standard" program is, or how small or medium-sized companies can afford

it. At any rate, in a number of cases, the corporate giants that already spend so much on their own compliance programs are still cheating the taxpayers.

Those same compliance programs are also often nothing but an arm of a corporate legal department. That way, companies can extend attorney-client privilege to whistleblower reports.

Many companies also require employee whistleblowers to sign so-called non-disclosure agreements. These muzzle whistleblowers who wish to expose and correct wrongdoing.

Fortunately the Securities and Exchange Commission has taken a great step forward in condemning such agreements. In May of this year, the SEC settled charges against KBR for using improperly restrictive language in its non-disclosure agreements. The gag orders threatened discipline and even termination for talking with anyone outside the company without first getting the go-ahead from KBR's lawyers.

These gag orders do nothing but chill reporting and make whistleblowers easy targets for retaliation. The whole point of whistleblower reward programs is to incentivize whistleblowers, not silence them.

Second, we need to ensure reward programs truly value whistleblowers' contributions. Unfortunately that's not always the case. The IRS Whistleblower Program in particular has so far been a disappointment.

The IRS Whistleblower Program is supposed to leverage whistleblowers' knowledge and give them real incentives to report tax cheats. But the IRS is not taking full advantage of the tools at its disposal. Outside of several big-ticket awards, IRS rewards for whistleblowers are few and far between. IRS regulations have limited the categories of awards available to whistleblowers.

Whistleblowers have been waiting for years with no information about their claims. Whistleblowers and their attorneys are mostly sidelined, even though the IRS has the authority to enter into contracts with them to assist their work. But, ignoring whistleblowers in the fight against tax fraud makes no sense.

That's like using Morse code when someone has given you a smart phone.

The IRS is choosing not to use more effective and efficient methods to combat fraud. As a result, taxpayers are left holding the bag.

Finally, we also need to honor whistleblowers' contributions by making sure that wrongdoers are held accountable. This is a sad story that I hear all the time, whether it's in the public or private sector. Whistleblowers are treated like skunks at a picnic, but the individuals responsible for waste, fraud, and abuse get a free pass.

Hefty settlements are a valuable tool, but they are not the only ones at our disposal. One way we can increase accountability in the private sector is to ensure lasting consequences for those who defraud the government.

I've argued that the government should make better use of suspension and debarment authority. Yet, that is a path that agencies often fail to take. According to a report by the nonpartisan Government Accountability Office, six agencies "had virtually no procurement-related suspensions and debarments" in 2009.

One of those agencies was the Department of Health and Human Services—A frequent target for fraud in the federal government. Why should the taxpayers keep doing business with corporations that take advantage of them?

Last year, the Justice Department announced that it would review False Claims Act cases for potential criminal prosecution. The department also released a revised policy addressing "Individual Accountability for Corporate Wrongdoing." The policy is a welcome change from the previous status quo.

For one thing, the policy requires companies cooperate with the Department to hand over all information relating to responsible individuals. This makes it harder for companies to shield wrongdoers.

I will be keeping a close eye on the Department's efforts to implement this new policy.

When we protect whistleblowers, value their contributions, and hold wrongdoers accountable, we get the best

results. We recover lost taxpayer money and keep the market for government business operating fairly and honestly.

Taking these steps will go a long way to restoring integrity in government.

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