



# NEWS

## AMERICANS FOR TAX REFORM

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## Coalition Calls for False Claims Act Reform

*Taxpayer, Shareholder, and Senior Citizen Organizations Seek Common Sense Changes*

**WASHINGTON** – Today, a coalition of 7 organizations representing taxpayers, shareholders, workers, and senior citizens sent a letter to members of Congress urging common sense reforms to the nation’s False Claims Act to better protect American taxpayers. The coalition includes Americans for Tax Reform, American Shareholders Association, American Legislative Exchange Council, Alliance for Worker Freedom, Center for Individual Freedom, Citizen Outreach and RetireSafe.

The False Claim Act is the main vehicle for the government to attack fraud in contracting. In 1986 reforms increased the use of this provision by allowing whistleblowers to file lawsuits against their employers on behalf of the government. While the use of whistleblowers is productive in some cases, since the 1986 revisions, recoveries have become a billion dollar business involving more than 4,000 cases.

This growth is due solely to incentives which allow whistleblowers to reap windfall rewards of 15 to 30 percent if a financial penalty is levied or a settlement is reached. As a result of these generous incentives, the employees of companies are engaging the fraud themselves by collecting the evidence which can take place for years, leaving taxpayers with the bill. Just reporting the problem as it occurs fixes the problems and would save taxpayers millions and possibly billions each year.

**“With the cost of healthcare entitlement programs rapidly increasing, it is vital that each dollar from the federal government is spent efficiently,”** said Grover Norquist, president of Americans for Tax Reform. **“We now have a system that provides an incentive for workers to hide fraud and further waste taxpayer dollars. Its time to stop this shell game and make common sense changes which will ensure fraud can be properly reported while not wasting taxpayer dollars.”**

Specifically, the coalition is seeking legislation that will make common sense reforms to ensure fraud is immediately wiped out. These reforms include: 1) a whistleblower should be required to have made documented efforts to remedy rather than perpetuate fraud within the company in order to receive their payout; 2) Cap rewards and legal fees for whistleblowers and their attorneys at \$1 million, so as to end the search for large payouts and 3) Return money to the government agency that was defrauded, not the U.S. Treasury or Department of Justice.

**“These reforms will level the playing field for American taxpayers,”** continued Norquist. **“We urge members of Congress to act now as the cost of entitlement spending continues to increase.”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases.  
For more information or to arrange an interview, please contact Chris Butler at (202) 785-0266 or at [cbutler@atr.org](mailto:cbutler@atr.org).

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