

## White Collar Defense

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### **False Claims Act Enforcement Hits All Time High in 2025**

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Last week, the Department of Justice (DOJ) announced recoveries exceeding \$6.8 billion under the False Claims Act (FCA) in 2025.<sup>1</sup> This total—the highest in the FCA’s 160-year history—underscores the DOJ’s continued commitment to prioritize FCA enforcement. The recoveries stemmed from a variety of sources, predominantly health care matters. The recoveries may also have played a role in the filing of a record 1,297 new whistleblower (qui tam) lawsuits in 2025.

#### **Why It Matters**

The FCA is a federal law imposing steep penalties on entities that defraud the government.<sup>2</sup> Cases can be initiated by DOJ or by private citizens (known as qui tam actions), who are entitled to a share of any recovery and are protected from retaliation.<sup>3</sup> Violators of the FCA face treble (triple) damages plus other penalties.<sup>4</sup>

DOJ’s announcement appears to confirm that it is still prosecuting FCA matters aggressively, although the vast majority of 2025 settlements and recoveries stem from cases filed, investigated, and litigated well before 2025. Health care settlements and resolutions remained by far the largest share of FCA recoveries, with well over 80 percent coming from that sector. Indeed, the record-setting year was driven largely by two enormous jury verdicts in health care: Johnson & Johnson was ordered to pay \$1.64 billion after it was found to have illegally marketed its HIV drugs, and CVS and Omnicare were hit with a \$948 million judgment after a jury found that they fraudulently dispensed drugs without valid prescriptions to elderly and disabled patients in assisted-living facilities. Both awards are being appealed.

Medicare and Medicaid fraud, medically unnecessary services, and illicit kickbacks remained significant areas for DOJ investigation and enforcement. Outside of health care, misuse of pandemic relief funds, tariff and custom fraud and avoidance, and government procurement and contracting were also areas of focus.

DOJ also emphasized the critical role of whistleblowers, whose qui tam actions were responsible for a majority of new cases and recoveries. Billions of dollars were awarded to whistleblowers, reinforcing the financial incentives for individuals and contractors to report alleged misconduct.

#### **What Companies Should Do Now**

Given DOJ’s clear enforcement posture, companies receiving federal funds should proactively assess their FCA risk if they have not done so already. This includes reviewing billing practices, ensuring accurate government submissions, strengthening internal reporting channels, and promptly investigating potential issues to prevent them from escalating into government inquiries or whistleblower lawsuits.

Entities facing FCA exposure should also recognize that early engagement, including assessing the value of cooperation and potentially voluntary self-disclosure, can significantly influence outcomes, including penalties and settlement terms.

Lowenstein Sandler's White Collar Defense Group advises a wide range of clients subject to the FCA, including hospitals, health care providers, biopharma and device manufacturers, and government contractors. Our team, which includes former federal prosecutors, has deep experience in proactive risk assessments, internal investigations, self-disclosures, and defending against civil and criminal enforcement actions to help clients minimize exposure.

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<sup>1</sup> Press Release, U.S. Dep't of Just., "False Claims Act Settlements and Judgments Exceed \$6.8B in Fiscal Year 2025," [Office of Public Affairs | False Claims Act Settlements and Judgments Exceed \\$6.8B in Fiscal Year 2025 | United States Department of Justice](#).

<sup>2</sup> 31 U.S.C. § 3729(a).

<sup>3</sup> 31 U.S.C. § 3730.

<sup>4</sup> 31 U.S.C. § 3729(a)(1)(G).

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