





Department of Justice

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PARENT ORGANIZATION OF MAYO CLINIC PAYS U.S. \$6.5 MILLION **TO SETTLE GRANT FRAUD INVESTIGATION**

WASHINGTON, D.C. - The Mayo Foundation, parent organization of the Mayo Clinic, has paid the United States \$6.5 million to resolve allegations that it charged the government under federal grants for research costs unrelated to the research projects sponsored by those grants, the Justice Department and the United States Attorney from Minnesota announced today.

The Rochester, Minnesota-based foundation receives hundreds of grants each year from the National Institutes of Health (NIH) and other government agencies, each grant covering a distinct research project. The Mayo Foundation may charge the government only for costs related to the specific research covered by the grant. This requirement allows the government to control the use of its research funds and protects taxpayers from waste and abuse.

“Today’s settlement demonstrates our commitment to vigorously pursue allegations of fraud and abuse in federal grant programs,” said Peter D. Keisler, Assistant Attorney General for the Civil Division of the Department of Justice. “All recipients of federal grants must comply with the restrictions placed on the use of that grant money.”

The settlement resolves allegations that Mayo wrongly charged the government by including on underspent grants research costs incurred on overspent grants and internal Mayo cost centers. As a result, the government contended, the United States paid Mayo more under the grants than Mayo was entitled to receive. The government’s investigation showed not only improperly transferred expenses, but also that Mayo had an accounting system unable to monitor and manage charges made to federal grant awards in the manner required by federal law.

The settlement resolves a whistleblower lawsuit filed against Mayo by Christine Long, an accounting associate in Mayo’s research accounting department. Under the qui tam or whistleblower provisions of the False Claims Act, a private party can file an action on behalf of the U.S. and receive a portion of the settlement if the government reaches a monetary agreement with the defendant. As a result of today’s settlement, Ms. Long will receive \$1.3 million.

“Government supported medical research, free from fraud and abuse, is in the best financial and public health interest of the United States,” said U.S. Attorney Tom Heffelfinger. “This settlement makes clear that all medical researchers, regardless of size and experience, must comply with regulations designed to protect precious federal medical research funds.”

“Biomedical research institutions currently receive about \$20 billion in NIH funding,” said Daniel R. Levinson, Acting HHS Inspector General. “Making certain that funds are appropriately charged is crucial to saving taxpayer money.”

The case was jointly handled by the Justice Department’s Civil Division and the United States Attorney’s Office in Minneapolis, Minnesota, in collaboration with the Office of the Inspector General of the Department of Health and Human Services, the Office of the NIH Legal Advisor, and the Office of Policy for Extramural Research Administration at NIH.

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