

Key False Claims Act Trends From The Last Year

By **Veronica Nannis** (January 22, 2026)

False Claims Act enforcement in 2025 — the second Trump administration's first year — remained strong in traditional areas such as healthcare fraud, while setting new priorities and expanding its application.

The U.S. Department of Justice emphasized tariff-related fraud and introduced new, controversial initiatives targeting so-called illegal diversity, equity and inclusion practices and gender-affirming care, prompting legal challenges and uncertainty.

This summary highlights major FCA trends, verdicts, settlements and initiatives from 2025.



Veronica Nannis

Notable Jury Verdicts and Appeals

Overall, the trend to litigate, try and even appeal FCA cases continued gaining momentum. More defendants were willing to take those risks, and more relators prosecuted cases that the government declined. This trend is unlikely to slow anytime soon.

Below are some of last year's key issues and decisions.

Qui Tam Constitutionality

In a 2024 decision in U.S. ex rel. Zafirov v. Physician Partners, the U.S. District Court for the Middle District of Florida ruled that the FCA's 200-year-old qui tam provision is unconstitutional.

This ignited an appeal to the U.S. Court of Appeals for the Eleventh Circuit, along with copycat motions from defendants in many declined cases nationwide. Oral arguments were held at the Eleventh Circuit on Dec. 12.

The DOJ, and the relators bar and aligned parties weighed in to support the qui tam provision, while the U.S. Chamber of Commerce and several large, influential industry groups, medical providers and insurers argued its unconstitutionality.

In a 2023 dissenting opinion in U.S. ex rel. Polansky v. Executive Health Resources, Justice Clarence Thomas, with the apparent backing of Justices Brett Kavanaugh and Amy Coney Barrett, indicated he would welcome a review of the qui tam provision's constitutionality.^[1]

With heavy-hitting amici lining up on both sides, anyone interested in the FCA must follow this appeal. While the panel didn't indicate how it might rule, it did note during oral arguments that the case is likely headed for the U.S. Supreme Court.

SuperValu Ended in Defense Win

In March 2025, an Illinois jury in the U.S. District Court for the Central District of Illinois returned a verdict for the defendant in Schutte v. SuperValu.

After the verdict, the relator and the government moved to amend the judgment and for a new trial while the defendants moved for judgment as a matter of law.

On Oct. 31, the district court refused to grant both of these motions, ending a 14-year battle over whistleblower allegations that the store offered discounts to customers for generic drugs that were not also offered to Medicare and Medicaid, thereby overcharging the government.

Before the jury verdict, this case detoured to the Supreme Court. In 2023, the Supreme Court overruled the Seventh Circuit, confirming that whether a defendant has scienter sufficient for FCA liability depends on the defendant's subjective knowledge. While that opinion was a victory for the FCA, the jury found no damages to the government at trial.

Omnicare Faced Triple Damages and Penalties

In April, a unanimous jury in the U.S. District Court for the Southern District of New York returned a verdict against Omnicare Inc., the nation's largest long-term care pharmacy, and its parent CVS Health Corp., in one of the largest damages verdicts ever returned by an FCA jury.

In U.S. ex rel. Uri Bassan v. Omnicare, an intervened case, the jury found that Omnicare billed the government for over 3 million false claims, resulting in \$135.6 million in damages.[2] After trebling and penalties, a final verdict in the amount of \$949 million was awarded. Following several post-trial motions, Omnicare filed an appeal in the U.S. Court of Appeals for the Second Circuit and shortly thereafter a bankruptcy petition, which stayed the appeal.

Janssen Seeks Relief From Billion-Dollar Judgment

In July, Janssen Pharmaceuticals appealed a \$1.6 billion judgment from the U.S. District Court for the District of New Jersey.

After a six-week trial prosecuted by the whistleblower after government declination, the jury awarded \$120 million in damages. The court upheld the award, adding treble damages plus \$8,000 per claim, amounting to an astonishing \$1.63 billion judgment.

Janssen's appeal to the U.S. Court of Appeals for the Third Circuit is pending. The United States intervened for purposes of the appeal, filing its appellate brief on Aug. 27.

CVS Caremark Tagged With \$289.9 Million Judgment

In August, the U.S. District Court for the Eastern District of Pennsylvania assessed post-trial damages after a \$95 million verdict in an eight-day bench trial against CVS Caremark in U.S. ex rel. Sarah Behnke v. CVS Caremark Corp.

The whistleblower proved that Caremark knowingly caused certain Medicare Part D sponsors to misrepresent to the government the amount Part D beneficiaries paid for prescription drugs at Walgreens and Rite Aid in 2013 and 2014. After applying treble damages and civil penalties, the court entered final judgment of \$289,873,500.[3]

Jury Verdict of \$183.7 Million Against Eli Lilly Affirmed on Appeal

In September, in Streck v. Eli Lilly & Co., the U.S. Court of Appeals for the Seventh Circuit upheld a \$61 million jury verdict that reached \$183.7 million after trebling. The appeals court concluded the jury had reasonably found that Lilly knowingly concealed having retroactively increased its prices on some drugs and failed to rebate Medicaid.[4]

Novo Nordisk Secures Defense Verdict

After a decade of investigation and litigation, on Nov. 7, Novo Nordisk received a defense verdict on all claims brought in Siegel v. Novo Nordisk Inc., in the U.S. District Court for the Western District of Washington. The relator and the state alleged that the company defrauded government health insurance programs by promoting off-label uses of its hemophilia product and paying kickbacks to both doctors and patients.

Settlements

FCA settlements are far more common than jury verdicts. Over the past year, they have kept pace with several significant settlements.

Healthcare Fraud

In June, the DOJ announced the largest national healthcare fraud takedown ever, involving 324 defendants charged with over \$14.6 billion in alleged fraud. This historic event involved various allegations of healthcare fraud, including fraudulent wound care, prescription opioid trafficking, telemedicine fraud, fraudulent genetic testing, kickbacks and bribes, and services that were not delivered as billed, against doctors, nurse practitioners, pharmacists and other licensed medical professionals.[5]

Other large settlements this year showed the government's continued interest in prosecuting healthcare fraud. These included typical claims of kickbacks, knowingly retaining overpayments, submitting false diagnostic codes, and filling illegal opioid prescriptions.

Some of the largest include:

- A \$59.7 million settlement in January 2025, arising from allegations that Pfizer made kickback payments to healthcare providers to include prescriptions of migraine medicine Nurtec ODT;[6]
- A \$62.85 million settlement in March, resolving allegations that Seoul Medical Group, a Medicare Advantage provider, caused the submission of false diagnostic codes for spinal conditions its patients did not actually have;[7]
- A \$350 million settlement with Walgreens over allegations it filled illegal opioid prescriptions;[8] and
- A \$202 million settlement in April with Gilead Sciences resolving allegations of kickbacks to doctors to induce them to prescribe Gilead's HIV drugs. Uniquely, in this settlement, Gilead admitted to paying doctors for speaking fees, lavish dinner programs and all-expense-paid trips.[9]

These examples underscore the high potential for fraud in the healthcare sphere, including government healthcare programs that cost billions of dollars of year to fund. Such cases will doubtless continue to dominate the FCA landscape in 2026.

Cybersecurity

This past year saw continued government interest in cybersecurity fraud.

In 2021, the DOJ announced a Civil Cyber-Fraud Initiative that would use the FCA to pursue cybersecurity-related fraud committed by government contractors and grant recipients.[10] Since then, cybersecurity cases have been on the rise, getting the attention of the DOJ and cyber companies alike.

In 2025, the DOJ announced at least three cyber case settlements that are sure to pave the way for future cases. Notably, while most — if not all — of these cases involve government contracts, they are not breach of contract cases but instead involve alleged violations of the Defense Federal Acquisition Regulation Supplement.

These include:

- A May 2025 agreement by Raytheon Companies and Nightwing Group to pay \$8.4 million to resolve allegations of development, use and storage of unclassified defense information by noncompliant internal systems in federal contracts;[11]
- A \$9.8 million settlement in July, resolving FCA allegations against Illumina Inc. involving inadequate security programs and insufficient quality systems;[12]
- A July agreement by defense contractor Aero Turbine and private equity company Gallant Capital Partners to pay \$1.75 million to resolve allegations that they knowingly failed to comply with cybersecurity requirements in a contract with the Air Force — a fairly rare instance of an FCA settlement against a private equity firm;[13] and
- A September settlement of \$875,000 in the DOJ's first intervention in a cybersecurity FCA case alleging that Georgia Tech Research Corp. failed to meet certain contractual cybersecurity requirements — including missing or antiquated antivirus and anti-malware programs and the absence of a security plan.[14]

These settlements and the DOJ's sustained focus indicate a likely continued surge in cybersecurity fraud filings and interventions.

Customs and Tariffs

The DOJ announced a new Trade Fraud Task Force in August, a joint effort with the U.S. Department of Homeland Security, to pursue actions against parties who evade tariffs and duties and engage in smuggling. Before this announcement, the DOJ had already settled at least four customs and tariffs cases in 2025:

- A March settlement of \$8.1 million in U.S. ex rel. Urban Global LLC v. Struxtrur Inc. in the U.S. District Court for the Central District of California, resolving allegations that Evolutions Flooring, an importer of wood flooring, and its owners evaded customs duties on imports from China;[15]

- A \$6.8 million settlement in July of allegations against Global Plastics LLC and Marco Polo International LLC, importers of plastic resin that voluntarily disclosed failure to pay customs duties on products from China;[16]
- A \$4.9 million settlement in U.S. ex rel. Wisner v. Grosfillex Inc. in July, resolving allegations that patio-furniture manufacturer Grosfillex violated the FCA by evading antidumping and countervailing duties on items made of extruded aluminum originating in China;[17] and
- A \$12.4 million settlement in August in Hemphill et al. v. Allied Stone Inc. in the U.S. District Court for the Northern District of Texas, resolving allegations that Allied Stone, a supplier of countertop and cabinetry products, and its president, Jia Lim evaded antidumping and countervailing duties owed on quartz surface products imported from China.[18]
- A December 2025, record-breaking \$54.4 million settlement of allegations against Ceratizit USA LLC, a North Carolina-based distributor of tungsten carbide products to resolve allegations that it violated the FCA by failing to pay duties owed on these products it imported from China.

With the launch of the new task force and the recent multimillion-dollar settlements, this administration has made customs and tariff fraud a clear priority. More whistleblower filings and aggressive enforcement are almost certain in the coming year.

Novel Uses of the FCA

Not all FCA activity in 2025 involved tried-and-true cases like healthcare and customs fraud. This administration has certainly pushed the boundaries of the FCA into new territory — with mixed results.

In May, the DOJ announced its new Civil Rights Fraud Initiative,[19] which seeks to use the FCA to investigate and prosecute recipients of federal money who knowingly violate federal civil rights laws, defined by this administration as antisemitism and "inherently divisive policies like DEI."

This is an unprecedented effort to use the FCA to enforce an administration's interpretation of federal civil rights laws and one that has FCA, employment and government contract practitioners seeking clarity and guidance.

It follows Executive Orders Nos. 14151 and 14173, repealing previous decades-old executive orders that promoted anti-discrimination policies and encouraged DEI programs.[20]

While no FCA cases have been announced yet, several lawsuits by special interest groups sprung up nationwide in the wake of these executive orders and the "Dear Colleague" letter.

In April, the U.S. District Court for the District of New Hampshire granted a preliminary injunction in National Education Association v. U.S. Department of Education, enjoining the government from "enforcing or implementing" the letter, the frequently asked questions associated with the letter, the End DEI portal, and the associated certification requirement.

That same month, in National Association for the Advancement of Colored People v.

Department of Education, the U.S. District Court for the District of Columbia denied a motion to preliminarily enjoin the letter, but granted a nationwide preliminary injunction as to the certification requirement.

In August, in *American Federation of Teachers v. Department of Education*, the U.S. District Court for the District of Maryland ruled that the both the letter and the certification requirement were unlawful and failed to follow the Administrative Procedure Act.

The bottom line is that "illegal DEI" is not clearly defined and is being vigorously debated and challenged nationwide with several courts rejecting the administration's interpretations. Since all FCA cases require that the defendant commit fraud "knowingly," at least for the time being, defendants can point to the confusion, ambiguity and injunctions as evidence that they cannot "knowingly" violate these DEI executive orders and therefore cannot be held liable under the FCA. 2026 may see the first of these new cases come out from under seal.

Separately, the DOJ sought to use the FCA to combat gender-affirming care for trans children.

In April, the DOJ issued a memorandum that includes a call to the DOJ to pursue FCA cases tied to "non-covered services related to radical gender experimentation" — widely known as gender-affirming care.^[21] As with the "illegal DEI" initiatives, many are challenging this memorandum in courts nationwide. Even if this initiative passes judicial scrutiny, since FCA cases typically take several years to investigate and become public, it is far too early to report on the outcome of this novel and controversial use of the FCA.

Key Takeaways

The FCA is alive and well. Relators are litigating declined cases while the government continues to litigate intervened. For their part, defendants are taking more of these cases into litigation and coordinating efforts to minimize enforcement of the FCA, such as by challenging the qui tam provision.

The FCA remains a powerful enforcement tool with some record verdicts and settlements in 2025. While traditional fraud areas remain a priority, new initiatives — particularly those tied to civil rights and healthcare ideology — face significant legal challenges. With those, FCA liability may be uncertain for some time to come. Until courts clarify these interpretations, questions about these cases' efficacy will remain, and the cases likely will encounter substantial hurdles.

Veronica Nannis is a principal at Joseph Greenwald & Laake PA.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] https://www.supremecourt.gov/opinions/22pdf/21-1052_fd9g.pdf.

[2] <https://www.justice.gov/usao-sdny/pr/statement-us-attorney-jay-clayton-verdict-us-v-omnicare-and-cvs-health-corporation>.

- [3] https://www.govinfo.gov/content/pkg/USCOURTS-paed-2_14-cv-00824/pdf/USCOURTS-paed-2_14-cv-00824-13.pdf.
- [4] <https://media.ca7.uscourts.gov/cgi-bin/OpinionsWeb/processWebInputExternal.pl?Submit=Display&Path=Y2025/D09-11/C:24-1884:J:Kolar:aut:T:fnOp:N:3423230:S:0>.
- [5] <https://www.justice.gov/opa/pr/national-health-care-fraud-takedown-results-324-defendants-charged-connection-over-146>.
- [6] <https://www.justice.gov/opa/pr/pfizer-agrees-pay-nearly-60m-resolve-false-claims-allegations-relating-improper-physician>.
- [7] <https://www.justice.gov/opa/pr/medicare-advantage-provider-seoul-medical-group-and-related-parties-pay-over-62m-settle>.
- [8] <https://www.justice.gov/usao-mdfl/pr/walgreens-agrees-pay-350m-illegally-filling-unlawful-opioid-prescriptions-and>.
- [9] <https://www.justice.gov/usao-sdny/pr/us-attorney-announces-202-million-settlement-gilead-sciences-using-speaker-programs>.
- [10] <https://www.justice.gov/archives/opa/pr/deputy-attorney-general-lisa-o-monaco-announces-new-civil-cyber-fraud-initiative>.
- [11] <https://www.justice.gov/opa/pr/raytheon-companies-and-nightwing-group-pay-84m-resolve-false-claims-act-allegations-relating>.
- [12] <https://www.justice.gov/opa/pr/illumina-inc-pay-98m-resolve-false-claims-act-allegations-arising-cybersecurity>.
- [13] <https://www.justice.gov/opa/pr/california-defense-contractor-and-private-equity-firm-agree-pay-175m-resolve-false-claims>.
- [14] <https://www.justice.gov/opa/pr/georgia-tech-research-corporation-agrees-pay-875000-resolve-civil-cyber-fraud-litigation>.
- [15] <https://www.justice.gov/opa/pr/evolutions-flooring-inc-and-its-owners-pay-81-million-settle-false-claims-act-allegations>.
- [16] <https://www.justice.gov/opa/pr/importers-agree-pay-68m-resolve-false-claims-act-liability-relating-voluntary-self>.
- [17] <https://www.justice.gov/opa/pr/patio-furniture-company-grosfillex-inc-pay-49-million-resolve-allegations-it-evaded-duties>.
- [18] <https://www.justice.gov/opa/pr/allied-stone-inc-and-company-official-agree-pay-124m-settle-false-claims-act-allegations>.
- [19] <https://www.justice.gov/opa/pr/justice-department-establishes-civil-rights-fraud-initiative>.

[20] <https://www.federalregister.gov/documents/2025/01/29/2025-01953/ending-radical-and-wasteful-government-dei-programs-and-preferencing>; <https://www.whitehouse.gov/presidential-actions/2025/01/ending-illegal-discrimination-and-restoring-merit-based-opportunity/>.

[21] <https://www.justice.gov/ag/media/1402396/dl>.