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Department of Justice

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Tuesday, October 28, 2014

Manhattan U.S. Attorney Settles Civil Fraud Claims Against Columbia University And Affiliated Public Health Program For Submitting False Claims In Connection With Aids And Hiv Treatment-Related Grants

Columbia Admits And Acknowledges Submitting Inaccurate Cost Reports And Mischarging Federal Grants, And Agrees To Pay \$9 Million To U.S.

Preet Bharara, the United States Attorney for the Southern District of New York, and Thomas O'Donnell, Special Agent in Charge of the New York Region of the Office of Inspector General (OIG) for the U.S. Department of Health and Human Services (HHS), announced today that the United States filed a civil fraud lawsuit in Manhattan federal court against THE TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK ("Columbia University"), and ICAP (formerly known as INTERNATIONAL CENTER FOR AIDS CARE AND TREATMENT PROGRAMS) (collectively, "Columbia") for submitting false claims in connection with federal grants that Columbia University obtained to fund ICAP's AIDS- and HIV-related work. The United States' Complaint-in-Intervention (the "Complaint") alleges that Columbia University, as the grant administrator on behalf of ICAP, received millions of dollars in federal grants and, pursuant to the rules applicable to such grants, was required for nearly 200 of ICAP's employees located in New York City to use a suitable means of verifying that the employees had actually performed the work charged to a particular grant. The Complaint alleges that Columbia was well aware that this was not being done, yet continued wrongly to charge many federal grants for work that was not devoted to the projects they funded. The lawsuit seeks damages and penalties under the False Claims Act.

Simultaneous with the filing of the lawsuit, the United States settled the claims against Columbia pursuant to a settlement stipulation approved today by U.S. District Judge Lorna G. Schofield. In the settlement and as detailed below, Columbia admitted failing to use a suitable means of verifying whether the salary and wage charges that ICAP applied to specific federal grants were based on an employee's actual effort for that grant. Columbia also admitted that as a result, certain effort reports contained inaccurate information, and for a number of years ICAP mischarged certain federal grants for work that was not allocable to those agreements. Columbia also agreed to pay \$9,020,073 to resolve the Government's claims.

Manhattan U.S. Attorney Preet Bharara said: “Columbia University and ICAP applied to the federal government and received many millions of dollars to fund AIDS and HIV projects around the world. We admire and applaud Columbia’s work in combatting AIDS and HIV. But grantees cannot disregard the terms under which grant money is provided. Grantees are required to use federal money for the purpose for which the grant was given and nothing else. The applicable rules are clear, and they are at the core of ensuring that tax dollars are appropriately spent. Educational institutions, like everyone else, should be held accountable when they fail to follow those rules.”

OIG HHS Special Agent in Charge Thomas O’Donnell said: “Violating rules designed to protect HIV-AIDS grant programs leads to wasteful spending, squandering vital funds that could be used to help end this worldwide epidemic. As HHS is the largest grant-making organization in the Federal government, OIG HHS is committed to protecting these grants and will work tirelessly to ensure all money is used properly.”

As set forth in the Complaint filed in Manhattan federal court:

In 2004, President Bush created the President’s Emergency Plan for AIDS Relief (“PEPFAR program”), a global HIV/AIDS program, targeting billions of dollars in new funding for prevention, treatment, and care services in the most affected countries of the world. That same year, Columbia received \$125 million in PEPFAR funding through the Multi-Country Columbia Antiretroviral Program (“MCAP”) grant, and over the years obtained over 75 grants and many millions more from the federal government for HIV- and AIDS-related work performed by ICAP.

These grants are governed by certain rules that require, among other things, that grantees track the work performed by the recipient’s employees and, with limited exceptions, charge grants only for work actually performed as a part of that grant. Columbia claimed to accomplish this by producing effort reports for ICAP’s New York City-based employees purportedly detailing the employees’ distribution of work across federal, state, and private grants, as well as Columbia-sponsored projects. These reports were used to determine how much a given grant was charged for work performed by individual employees.

For nearly 200 individuals, however, these reports were not created or verified by the individuals to whom they applied. Instead, Columbia’s Finance Department provided information for these reports even though the employees of that department had limited or no knowledge of which grants the individuals actually worked on. In addition, the effort reports were certified as correct by the principal investigators on the grants without using suitable means to verify the accuracy of the reports. Instead of taking the appropriate steps to determine whether the reports were accurate, the principal investigators would certify large batches of the reports, without making any inquiry into whether the allocation of work among the grants was accurate. Moreover, ICAP’s management was well aware of the inaccuracies of the effort reporting system.

This resulted in Columbia charging grants for work that was not performed on the project being funded by that grant. For instance, an ICAP Finance Analyst stated that he spent approximately 15-20% of his time on MCAP in fiscal year 2010, but his effort report falsely listed his MCAP effort, and related salary charges, as 85%. Likewise, in fiscal year 2010, an ICAP Subcontracts Manager’s effort report listed her effort as 100% MCAP, but the Subcontracts Manager actually worked on three other grants, in addition to MCAP, that year. The time submitted for many other employees was similarly mischarged.

ICAP also charged federal grants for time spent on activities that are not chargeable to any federal grants, such as competitive grant proposal writing. For example, an ICAP Grants Manager spent a significant amount of her time writing competitive grant proposals, but her effort report showed that all of her time was charged to grants, with as much as 92% of her time charged to MCAP in some years.

Mr. Bharara thanked the Office of Inspector General for HHS for its investigative efforts and extensive assistance with the case.

The case is being handled by the Office's Civil Frauds Unit. Assistant U.S. Attorney Rebecca C. Martin is in charge of the case.

[US ex rel. v. Columbia U. and ICAP complaint-in-intervention](#)

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