

On May 28, 2014, the U.S. Department of Justice announced the settlement of a qui tam (“whistleblower”) lawsuit against Medtronic, Inc. over allegations that the medical device company improperly paid doctors to implant the company’s pacemakers and defibrillators. The settlement brings to an end a case initially brought forth five years ago by a former Medtronic employee. According to the lawsuit, Medtronic induced physicians to use its products by paying them to speak at events, providing them tickets to sporting events, and developing marketing plans for them at no charge. Such improper financial incentives to physicians have been targeted by federal regulators because they have the potential to compromise independent physician medical judgment.

The case was resolved with Medtronic agreeing to pay \$9.98 million in settlement. The former Medtronic employee who brought the improper payments to light as the whistleblower will receive \$1.7 million of the settlement proceeds under the whistleblower provision of the federal False Claims Act.

The federal False Claims Act and the North Carolina False Claims Act are important vehicles for combating financial fraud and ensuring patient safety. Persons with knowledge of improper actions which defraud either the state or federal government should contact an attorney experienced in handling whistleblower cases.