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SENATE
S. No. 1880

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

This bill is an adaptation of the US False Claims Act that seeks to combat financial fraud perpetrated against the government by individuals and companies.

In the United States, the False Claims Act has proven to be one of the most effective tools in fighting all types of financial fraud perpetrated against the government. It contained *qui tam* provisions that allow private citizens to sue, on the government's behalf, companies and individuals that are defrauding the government. *Qui tam* is short for a Latin phrase, "*qui tam pro domino rege quam pro se ipso in hac parte sequitur*," which roughly means, "he who brings an action for the king as well as for himself."

The *qui tam* provisions have been the key to the law's success. Many people who file *qui tam* lawsuits (called the "relators") are employees or former employees of companies that commit fraud, but anyone who knows of an instance where the government has paid false claims can file a *qui tam* lawsuit. That could be, for example, a competitor, a subcontractor, or even a patient.

The whistleblower does not need to have personal knowledge of the fraud to file a False Claims Act case. The lawsuit can be based on information the relator learned from a friend, a relative, a competitor, etc. As long as the individual is not publicly disclosed and the government has not already sued the individual or company for the fraud, the relator may bring a *qui tam* lawsuit.

The False Claims Act has encouraged a number of individuals to step forward and report fraud because it gives whistleblowers pecuniary incentives. From 1986 to 2004, the US government has recovered more than \$3.5 billion as a result of *qui tam* lawsuits.

This bill also seeks to give whistleblowers a share of the recoveries that result from *qui tam* lawsuits to give people a strong incentive to step forward and take the personal and professional risks involved in pursuing a false claim lawsuit; hence, reducing fraud perpetrated against the government.*

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO
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* This bill was originally filed during the Thirteenth Congress.

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SENATE
S. No. 1880

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Introduced by Senator Miriam Defensor Santiago

1 AN ACT
2 TO COMBAT FINANCIAL FRAUD PERPETRATED AGAINST THE GOVERNMENT

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

3 SECTION 1. *Short Title.* – This Act shall be known as the “False Claims Act.”

4 SECTION 2. *Declaration of Policy.* – It is hereby declared to be the policy of the State to
5 give priority to the enactment and enforcement of stronger measures to combat financial fraud
6 perpetrated against the government by individuals and companies.

7 SECTION 3. *False Claims.* – (1) Liability for certain acts - Any person who –

8 (A) knowingly presents, or causes to be presented, to an officer or employee of the
9 government or a member of the Armed Forces of the Philippines a false or
10 fraudulent claim for payment or approval;

11 (B) knowingly makes, uses, or causes to be made or used, a false record or statement
12 to get a false or fraudulent claim paid or approved by the government;

13 (C) conspires to defraud the government by getting a false or fraudulent claim
14 allowed or paid;

15 (D) has possession, custody, or control of property or money used, or to be used, by
16 the government and, intending to defraud the government, willfully conceals the
17 property, delivers, or causes to be delivered, less property than the amount for
18 which the person receives a certificate or receipt;

19 (E) authorizes to make or deliver a document certifying receipt of property used, or to
20 be used, by the government and, intending to defraud the government, makes or

1 delivers the receipt without completely knowing that the information on the
2 receipt is true;

3 (F) knowingly buys, or receives as a pledge of an obligation or debt, public property
4 from an officer or employee of the government, or a member of the Armed
5 Forces, who may not lawfully sell or pledge the property; or

6 (G) knowingly makes, uses, or causes to be made or used, a false record or statement
7 to conceal, avoid, or decrease an obligation to pay or transmit money or property
8 to the government, is liable to the government for a civil penalty of not less than
9 Two Hundred Thousand Pesos (P200,000.00) but not more than Four Hundred
10 Thousand Pesos (P400,000.00), plus three times the amount of damages which the
11 government sustains because of the act of that person, except that if the court
12 finds that -

13 (i) the person committing the violation of this Act furnished officials of the
14 government responsible for investigating false claims violations with all
15 information known to such person about the violation within thirty (30)
16 days after the date on which the defendant first obtained the information;

17 (ii) such person fully cooperated with any government investigation of such
18 violation; and

19 (iii) at the time such person furnished the government with the information
20 about the violation, no criminal prosecution, civil action, or administrative
21 action had commenced under this Act with respect to such violation, and
22 the person did not have actual knowledge of the existence of an
23 investigation into such violation; the court may assess not less than two
24 times the amount or damages which the government sustains because of
25 the act of the person. A person violating this section shall also be liable to
26 the government for the costs of a civil action brought to recover any such
27 penalty or damages.

28 (2) Knowing and Knowingly Defined - For purposes of this Act, the terms "knowing"
29 and "knowingly" mean that a person, with respect to information -

1 (A) has actual knowledge of the information;

2 (B) acts in deliberate ignorance of the truth or falsity of the information; or

3 (C) acts in reckless disregard of the truth or falsity of the information, and no proof of
4 specific intent to defraud is required.

5 (3) Claim Defined - For purposes of this section, "claim" includes any request or
6 demand, whether under a contract or otherwise, for money or property which is made to a
7 contractor, grantee, or other recipient for any portion of the money or property which is
8 requested or demanded, or if the government will reimburse such contractor, grantee, or other
9 recipient for any portion of the money or property which is requested or demanded.

10 (4) Exclusion - This section does not apply to claims, records, or statements made
11 under the National Internal Revenue Code.

12 SECTION 4. *Civil Actions for False Claims.* -

13 (1) Responsibilities of the Solicitor General - The Solicitor General shall investigate a
14 violation under Section 3. If the Solicitor General finds that a person has violated or is violating
15 Section 3, he may bring a civil action under this section against that person.

16 (2) Actions by Private Persons - (A) A person may bring a civil action for a violation
17 of section 3 for the person and for the government. The action shall be brought in the name of the
18 government. The action may be dismissed only if the court and the Solicitor General give written
19 consent to the dismissal and their reasons for consenting.

20 (B) A copy of the complaint and written disclosure or substantially all material
21 evidence and information the person possesses shall be served on the government
22 pursuant to the pertinent provisions of the Rules of Court on Civil Procedure. The
23 complaint shall remain under seal for at least sixty (60) days and shall not be
24 served on the defendant until the court so orders. The government may elect to
25 intervene and proceed with the action within sixty (60) days after it receives both
26 the complaint and the material evidence and information.

27 (C) The government may, for good cause shown, move the court for extensions of the
28 time during which the complaint remains under seal. Any such motions may be

1 supported by affidavits. The defendant shall not be required to respond to any
2 complaint filed under this section until twenty (20) days after the complaint is
3 unsealed and served upon the defendant.

4 (D) Before the expiration of the sixty (60) day period, the government shall –

5 (i) proceed with the action, in which case the action shall be conducted by the
6 government; or

7 (ii) notify the court that it declines to take over the action, in which case the
8 person bringing the action shall have the right to conduct the action

9 (E) When a person brings an action under this section, no person other than the
10 government may intervene or bring a related action on the facts underlying the
11 pending action.

12 (3) Rights of the Parties to *Qui Tam* Actions - (A) If the government proceeds with
13 the action, it shall have the primary responsibility for prosecuting the action, and shall not be
14 bound by an act of the person bringing the action. Such person shall have the right to continue as
15 a party to the action, subject to the limitations set forth in paragraph (13).

16 (B) (i) The government may dismiss the action, notwithstanding the objections of the
17 person initiating the action, if the person has been notified by the government of
18 the filing of the motion and the court has provided the person with an opportunity
19 for a hearing, on the motion.

20 (ii) The government may settle the action with the defendant, notwithstanding
21 the objections of the person initiating the action, if the court determines,
22 after hearing, that the proposed settlement is fair, adequate, and reasonable
23 under all the circumstances.

24 (iii) Upon showing by the government that unrestricted participation during the
25 course of the litigation by the person initiating the action would interfere
26 with or unduly delay the government's prosecution of the case, or would
27 be repetitious, irrelevant, or for purposes of harassment, the court may, in
28 its discretion, impose limitations on the person's participation, such as -

29 (a) limiting the number of witnesses the person may call;

- 1 (b) limiting the length of the testimony of such witnesses;
2 (c) limiting the person's cross-examination of the witnesses; or
3 (d) otherwise limiting the participation by the person in litigation.

4 (iv) Upon a showing by the defendant that unrestricted participation during the
5 course of the litigation by the person initiating the action would be for
6 purposes of harassment or would cause the defendant undue burden or
7 unnecessary expense, the court may limit the participation by the person in
8 the litigation.

9 (C) If the government elects not to proceed with the action, the person who initiated
10 the action shall have the right to conduct the action. If the government so requests,
11 it shall be served with copies of all pleadings filed in the action and shall be
12 supplied with copies of all deposition transcripts (at the government's expense).
13 When a person proceeds with the action, the court, without limiting the status and
14 rights of the person initiating the action, may nevertheless permit the government
15 to intervene at a later date upon a showing of good cause.

16 (D) Whether or not the government proceeds with the action, upon a showing by the
17 government that certain actions of discovery by the person initiating the action
18 would interfere with the government's investigation or prosecution of a criminal
19 or civil matter arising out of the same facts, the court may stay such discovery for
20 a period of not more than sixty (60) days. The court may extend the 60-day period
21 upon a further showing that the government has pursued the criminal or civil
22 investigation or proceedings with reasonable diligence and any proposed
23 discovery in the civil action will interfere with the ongoing criminal or civil
24 investigation or proceedings.

25 (4) Award to *Qui Tam* Plaintiff - (A) If the government proceeds with an action
26 brought by a person under subsection (2), such person shall, subject to the second sentence of
27 this paragraph, receive at least fifteen percent (15%) but not more than twenty-five percent
28 (25%) of the proceeds of the action or settlement of the claim, depending upon the extent to
29 which the person substantially contributed to the prosecution of the action. Where the action is

1 one which the court finds to be based primarily on disclosures of specific information (other than
2 information provided by the person bringing the action) relating to allegations or transactions in
3 a criminal, civil, or administrative hearing, in a congressional, administrative, report, hearing,
4 audit, or investigation, or from the news media, the court may award such sums as it considers
5 appropriate, but in no case more than ten percent (10%) of the proceeds, taking into account the
6 significance of the information and the role of the person bringing the action in advancing the
7 case to litigation. Any payment to a person under the first or second sentence of this paragraph
8 shall be made from the proceeds. Any such person shall also receive an amount for reasonable
9 expenses which the court finds to have been necessarily incurred, plus reasonable attorney's fees
10 and costs. All such expenses, fees, and costs shall be awarded against the defendant.

11 (B) If the government does not proceed with an action under this section, the person
12 bringing the action or settling the claim shall receive an amount which the court
13 decides is reasonable for collecting the civil penalty and damages. The amount
14 shall be not less than twenty-five percent (25%) and not more than thirty percent
15 (30%) of the proceeds of the action or settlement and shall be paid out of such
16 proceeds. Such person shall also receive an amount for reasonable expenses
17 which the court finds to have been necessarily incurred, plus reasonable attorney's
18 fees and costs. All such expenses, fees, and costs shall be awarded against the
19 defendant.

20 (C) Whether or not the government proceeds with the action, if the court finds that the
21 action was brought by a person who planned and initiated the violation of section
22 3 upon which the action was brought, then the court may, to the extent the court
23 considers appropriate, reduce the share of the proceeds of the action which the
24 person would otherwise receive under paragraph (A) or (B) of this section, taking
25 into account the role of that person in advancing the case to litigation and any
26 relevant circumstances pertaining to the violation. If the person bringing the
27 action is convicted of criminal conduct arising from his or her role in the violation
28 of section 3, that person shall be dismissed from the civil action and shall not
29 receive any share of the proceeds of the action. Such dismissal shall not prejudice

1 the right of the government to continue the action, represented by the Department
2 of Justice.

3 (D) If the government does not proceed with the action and the person bringing the
4 action conducts the action, the court may award to the defendant its reasonable
5 attorney's fees and expenses if the defendant prevails in the action and the court
6 finds that the claim of the person bringing the action was clearly frivolous, clearly
7 vexatious, or brought primarily for purposes of harassment.

8 (5) Certain Actions Barred - (A) No court shall have jurisdiction over an action
9 brought by a former or present member of the armed forces under subsection (2) of this section
10 against a member of the Armed Forces arising out of such person's service in the Armed Forces;

11 (B) No court shall have jurisdiction over an action brought under subsection (2)
12 against a member of Congress, a member of the judiciary, or a senior executive
13 branch official if the action is based on evidence or information known to the
14 government when the action was brought.

15 (C) In no event may a person bring an action under subsection (2) which is based
16 upon allegations or transactions which are the subject of a civil suit or an
17 administrative civil money penalty proceeding in which the government is already
18 a party.

19 (D) (i) No court shall have jurisdiction over an action under this section based upon the
20 public disclosure of allegations or transactions in a criminal, civil, or
21 administrative hearing, in a congressional, administrative report, hearing, audit, or
22 investigation, or from the news media, unless the action is brought by the
23 Solicitor General or the person bringing the action is an original source of the
24 information.

25 (ii) For purposes of this paragraph, "original source" means an individual
26 who has direct and independent knowledge of the information on which
27 the allegations are based and has voluntarily provided the information to
28 the government before filing an action under this section which is based
29 on the information.

1 (6) Government not liable for certain expenses - The government is not liable for
2 expenses which a person incurs in bringing an action under this section.

3 (7) Any employee who is discharged, demoted, suspended, threatened, harassed, or in
4 any manner discriminated against in the terms and conditions of employment by his or her
5 employer because of lawful acts done by the employee on behalf of the employee or others in
6 furtherance of an action under this section, including investigation for, initiation of, testimony
7 for, or assistance in an action filed or to be filed under this section, shall be entitled to all relief
8 necessary to make the employee whole. Such relief shall include reinstatement with the same
9 seniority status such employee would have had but for the discrimination, two times the amount
10 of back pay, interest on the back pay, and compensation for any special damages sustained as a
11 result of the discrimination, including litigation costs and reasonable attorney's fees.

12 SECTION 5. *False Claims Procedure.* - (1) A subpoena requiring the attendance of a
13 witness at a trial or hearing conducted under section 4 of this Act may be served at any place in
14 the Philippines;

15 (2) A civil action under section 4 may not be brought - (A) more than six (6) years after
16 the date on which the violation of section 3 is committed, or (B) more than three (3) years after
17 the date when facts material to the right of action are known or reasonably should have been
18 known by the official of the government charged with responsibility to act in the circumstances,
19 but in no event more than ten (10) years after the date on which the violation is committed,
20 whichever occurs last.

21 (3) In any action brought under section 4, the government shall be required to prove, all
22 essential elements of the cause of action, including damages, by a preponderance of the
23 evidence.

24 (4) Notwithstanding any other provision of law or the Rules of Criminal Procedure, a
25 final judgment rendered in favor of the government in any criminal proceeding charging fraud or
26 false statements, whether upon a verdict after trial or upon a plea of guilty, shall stop the
27 defendant from denying the essential elements of the offense in any action which involves the

1 same transaction as in the criminal proceeding and which is brought under subsection (1) or (2)
2 of section 4.

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4 SECTION 6. *False Claims Jurisdiction.* - Any action under section 4 may be brought in
5 any court in which the defendant or, in the case of multiple defendants, any one defendant can be
6 found, resides, transacts business, in which any act proscribed by section 4 occurred. A summons
7 as required by the Rules of Civil Procedure shall be issued by the appropriate court and served at
8 any place within or outside the country.

9 SECTION 7. *Civil Investigative Demands.* -

10 (1) In General - (A) Issuance and service - Whenever the Solicitor General has reason
11 to believe that any person may be in possession, custody, or control of any documentary material
12 or information relevant to a false claims law investigation, the Solicitor General may, before
13 commencing a civil proceeding under section 4 or other false claims law, issue in writing and
14 cause to be served upon such person, a civil investigative demand requiring such person -

15 (i) to produce such documentary material for inspection and copying;

16 (ii) to answer in writing written interrogatories with respect to such
17 documentary material or information;

18 (iii) to give oral testimony concerning such documentary material or
19 information; or

20 (iv) to furnish any combination of such material, answers, or testimony.

21 The Solicitor General may not delegate the authority to issue civil investigative demands
22 under this subsection. Whenever a civil investigative demand is an express demand for any
23 product of discovery, the Solicitor General shall cause to be served, in any manner authorized by
24 this section, a copy of such demand upon the person from whom the discovery was obtained and
25 shall notify the person to whom such demand is issued of the date on which such copy was
26 served.

27 (B) Contents and deadlines -

- 1 (i) Each civil investigative demand issued under paragraph (A) shall state the
2 nature of the conduct constituting the alleged violation of a false claims
3 law which is under investigation, and the applicable provision of law
4 alleged to be violated.
- 5 (ii) If such demand is for the production of documentary material, the demand
6 shall -
- 7 (a) describe each class of documentary material to be produced with
8 such definiteness and certainty as to permit such material to be
9 fairly identified;
- 10 (b) prescribe a return date for each such class which will provide a
11 reasonable period of time within which the material so demanded
12 may be assembled and made available for inspection and copying;
13 and
- 14 (c) identify the false claims law investigator to whom such material
15 shall be made available.
- 16 (iii) If such demand is for answers to written interrogatories, the demand shall
17 -
- 18 (a) set forth with specificity the written interrogatories to be answered;
- 19 (b) prescribe dates at which time answers to written interrogatories
20 shall be submitted; and
- 21 (c) identify the false claims law investigator to whom such answers
22 shall be submitted.
- 23 (iv) If such demand is for the giving of oral testimony, the demand shall -
- 24 (a) prescribe a date, time, and place at which oral testimony shall be
25 commenced;
- 26 (b) identify a false claims law investigator who shall conduct the
27 examination and the custodian to whom the transcript of such
28 examination shall be submitted;

- 1 (c) specify that such attendance and testimony are necessary to the
2 conduct of the investigation;
3 (d) notify the person receiving the demand of the right to be
4 accompanied by an attorney and any other representative; and
5 (e) describe the general purpose for which the demand is being issued
6 and the general nature or the testimony, including the primary
7 areas of inquiry, which will be taken pursuant to the demand.

8 (v) Any civil investigative demand issued under this section which is an
9 express demand for any product of discovery shall not be returned or
10 returnable until twenty (20) days after a copy of such demand has been
11 served upon the persons from whom the directory was obtained.

12 (vi) The date prescribed for the commencement of oral testimony pursuant to a
13 civil investigative demand issued under this section shall be a date which
14 is not less than seven (7) days after the date on which demand is received,
15 unless the Solicitor General determines that exceptional circumstances are
16 present which warrant the commencement of such testimony within a
17 lesser period of time.

18 (vii) The Solicitor General shall not authorize the issuance under this section of
19 more than one (1) civil investigative demand for oral testimony by the
20 same person unless the person requests otherwise or unless the Solicitor
21 General, after investigation, notifies that person in writing that an
22 additional demand for oral testimony is necessary. The Solicitor General
23 may not authorize the performance, by any other officer, employee, or
24 agency, or any function vested in the Solicitor General under this
25 subparagraph.

26 (C) Protected Material or Information -

27 (i) In general - A civil investigative demand issued under subsection (1) may
28 not require the production of any documentary material, the submission of
29 my answers to written interrogatories, or the giving of any oral testimony

1 if such material, answers, or testimony would be protected from disclosure
2 under (a) the standards applicable to subpoena or subpoenas *duces tecum*
3 issued by a court; or (b) the standards applicable to the discovery requests
4 of the Rules of Civil Procedure, to the extent that the application of such
5 standards to any such demand is appropriate and consistent with the
6 provisions and purposes of this section.

7 (ii) Effect on other orders, rules, and laws - Any such demand which is an
8 express demand for any product of discovery supersedes any inconsistent
9 order, rule, or provision of law (other than this section) preventing or
10 restraining disclosure of such product of discovery to any person.
11 Disclosure of my product of discovery pursuant to any such express
12 demand does not constitute a waiver of any right or privilege which the
13 person making such disclosure may be entitled to invoke to resist
14 discovery of trial preparation materials.

15 (D) Service; Jurisdiction - (i) By whom served - Any civil investigative demand
16 issued under subsection (1) may be served by a false claims law investigator, at
17 any place within the territorial jurisdiction of any court.

18 (ii) Service in foreign countries - Any such demand or any petition filed under
19 paragraph (H) may be served upon any person who is not found within the
20 territorial jurisdiction of any court in such manner as the Rules of Civil
21 Procedure prescribe for service in a foreign country.

22 (iii) Service upon legal entities and natural persons -

23 (a) Legal entities - Service of any civil investigative demand issued
24 under subsection (1) or of any petition filed under paragraph (a)
25 may be made upon a partnership, corporation, association, or other
26 legal entity by -

27 (1) delivering an executed copy of such demand or petition to
28 any partner, executive officer, managing agent, or general
29 agent of the partnership, corporation, association or entity,

1 or to any agent authorized by appointment or by law to
2 receive service of process on behalf of such partnership,
3 corporation, association, or entity.

4 (2) delivering an executed copy of such demand or petition to
5 the principal office or place of business of the partnership,
6 corporation, association, or entity, or

7 (3) depositing an executed copy of such demand or petition in
8 the mails by registered or certified mail, with a return
9 receipt requested, addressed to such partnership,
10 corporation, association, or entity at its principal office or
11 place of business.

12 (b) Natural persons - Service of any such demand or petition may be
13 made upon any natural person by -

14 (1) delivering an executed copy of such demand or petition to
15 the person; or

16 (2) depositing an executed copy of such demand or petition in
17 the mail by registered or certified mail, with a return receipt
18 requested, addressed to the person at the person's residence
19 or principal office or place of business.

20 (E) Proof of Service - A verified return by the individual serving any civil
21 investigative demand issued under subsection (1) setting forth the manner of such
22 service shall be proof of such service. In the case of service by registered or
23 certified mail, such return shall be accompanied by the return post office receipt
24 of delivery of such demand.

25 (F) Documentary Material - The production of documentary material in response to a
26 civil investigative demand served under this section shall be made under a sworn
27 certificate, in such form as the demand designates, in the case of a natural person,
28 the person to whom the demand is directed; or control, or knowledge of the
29 person to whom the demand is directed has been submitted. To the extent that any

1 information is not furnished, the information shall be identified and reasons set
2 forth with particularity regarding the reasons why the information was not
3 furnished.

4 (G) Oral Examinations -

5 (i) Procedure - The examination of any person pursuant to a civil
6 investigative demand for oral testimony served under this section shall be
7 taken before an officer authorized to administer oaths and affirmations by
8 law of the Philippines or of the place where the examination is held. The
9 officer before whom the testimony is to be taken shall put the witness on
10 oath or affirmation and shall, personally or by someone acting under the
11 direction of the officer and in the officer's presence, record the testimony
12 of the witness. The testimony shall be taken stenographically and shall be
13 transcribed. When the testimony is fully transcribed, the officer before
14 whom the testimony is taken shall promptly transmit a copy of the
15 transcript of the testimony by any means authorized by, and in a manner
16 consistent with, the Rules of Civil Procedure;

17 (ii) Persons present - The false claims law investigator conducting the
18 examination shall exclude from the place where the examination is held all
19 persons except the person giving the testimony, the attorney for, and any
20 other representative of the person giving the testimony, the attorney for the
21 government, any person who may be agreed upon by the attorney for the
22 government and the person giving the testimony, the officer before whom
23 the testimony is to be taken, and any stenographer taking such testimony;

24 (iii) Where testimony taken - The oral testimony of any person taken pursuant
25 to a civil investigative demand served under this Section shall be taken in
26 the court within which such person resides, is found, or transacts business,
27 or in such other place as may be agreed upon by the false claims law
28 investigator conducting the examination and such person;

- 1 (iv) Transcript of testimony - When the testimony is fully transcribed, the false
2 claims law investigator or the officer before whom the testimony is taken
3 shall afford the witness, who may be accompanied by counsel, a
4 reasonable opportunity to examine and read the transcript, unless such
5 examination and reading are waived by the witness. Any changes in form
6 or substance which the witness desires to make shall be entered and
7 identified upon the transcript by the officer or the false claims law
8 investigator, with a statement of the reasons given by the witness for
9 making such changes. The transcript shall then be signed by the witness,
10 unless the witness in writing waives the signing, is ill, cannot be found, or
11 refuses to sign. If the transcript is not signed by the witness within thirty
12 (30) days after being afforded a reasonable opportunity to examine it, the
13 officer or the false claims law investigator shall sign it and state on the
14 record the fact of the waiver, illness, absence of the witness, or the refusal
15 to sign, together with the reasons, if any, given therefore;
- 16 (v) Certification and delivery to custodian - The officer before whom the
17 testimony is taken shall certify on the transcript that the witness was sworn
18 by the officer and that the transcript is a true record of the testimony given
19 by the witness, and the officer or false claims law investigator shall
20 promptly deliver the transcript, or send the transcript by registered or
21 certified mail, to the custodian;
- 22 (vi) Furnishing or inspection of transcript by witness -- Upon payment of
23 reasonable charges therefore, the false claims investigator shall furnish a
24 copy of the transcript to the witness only except that the Solicitor General
25 may, for good cause, limit such witness to inspection of the official
26 transcript of the witness' testimony;
- 27 (vii) Conduct of oral testimony - (a) Any person compelled to appear for oral
28 testimony under a civil investigative demand issued under subsection (1)
29 may be accompanied, represented, and advised by counsel. Counsel may

1 advise such person, in confidence, with respect to any question asked of
2 such person. Such person or counsel may object on the record to any
3 question, in whole or in part, and shall briefly state for the record the
4 reason for the objection. An objection made, received, and entered upon
5 the record when it is claimed that such person is entitled to refuse to
6 answer the question on the grounds of any constitutional or other legal
7 rights of privilege, including the privilege against self-incrimination. Such
8 person may not otherwise object to or refuse to answer any question, and
9 may not directly or through counsel otherwise interrupt the oral
10 examination. If such person refuses to answer any question, a petition may
11 be filed in the court under subsection (H)(i) for an order compelling such
12 person to answer such questions;

13 (b) If such person refuses to answer any question on the grounds of the
14 privilege against self-incrimination, the testimony of such person
15 may be compelled in accordance with the provisions of the Rules
16 of Court.

17 (viii) Witness fees and allowances - Any person appearing for oral testimony
18 under a civil investigative demand issued under subsection (1) shall be
19 entitled to the same fees and allowances which are paid to witnesses as
20 provided in the appropriate provisions of the Rules of Court;

21 (ix) Custodians of Documents, Answers, and Transcripts -

22 (a) Designation - The Solicitor General shall designate a false claims
23 law investigator to serve as custodian of documentary material,
24 answers to interrogatories, and transcripts of oral testimony
25 received under this section, and shall designate such additional
26 false claims law investigators as the Solicitor General determines
27 from time to time to be necessary to serve as deputies to the
28 custodian.

1 (b) Responsibility for materials; disclosure - (1) A false claims
2 investigator who receives any documentary material, answers to
3 interrogatories, or transcripts of oral testimony received under this
4 section shall transmit them to the custodian. The custodian shall
5 take physical possession of such material, answers, or transcripts
6 and shall be responsible for the use made of them and for the
7 return of documentary material under paragraph (D).

8 (2) The custodian may cause the preparation of such copies of
9 such documentary material, answers to interrogatories, or
10 transcripts of oral testimony as may be required for official
11 use by any false claims law investigator, or other officer or
12 employee of the Department of Justice, who is authorized
13 for such use under regulations which the Solicitor General
14 shall issue. Such material, answers, and transcripts may be
15 used by any such authorized false claims law investigator
16 or other officer or employee in connection with the taking
17 of oral testimony under this section.

18 (3) Except as otherwise provided in this subsection, no
19 documentary material, answers to interrogatories, or
20 transcripts of oral testimony, or copies thereof, while in the
21 possession of the custodian and under such reasonable
22 terms and conditions as the Solicitor General shall
23 prescribe—

24 (a) documentary, material and answers to
25 interrogatories shall be available for examination by
26 the person who produced such material or answers,
27 or by a representative of that person authorized by
28 that person to examine such materials and answers;
29 and

1 (b) transcripts of oral testimony shall be available for
2 examination by the person who produced such
3 testimony, or by a representative of that person
4 authorized by that person to examine such
5 transcripts.

6 (c) Use of materials, answers, or transcripts in other proceedings -
7 Whether any attorney of the Department of Justice has been
8 designated to appear before any court or agency in any case or
9 proceeding, the custodian of any documentary material, answers to
10 interrogatories, or transcripts of oral testimony received under this
11 section may deliver to such attorney such material, answers, or
12 transcripts for official use in connection with any such case or
13 proceeding as such attorney determines to be required.

14 Upon the completion of any such case or proceeding, such
15 attorney shall return to the custodian any such material, answers, or
16 transcripts so delivered which have not passed into the control of
17 such court, or agency through introduction into the record of such
18 case or proceeding.

19 (d) Conditions for return of material - If any documentary material has
20 been produced by any person in the course of my false claims law
21 investigation pursuant to a civil investigative demand under this
22 section, and -

23 (1) any case or proceeding before the court arising out of such
24 investigation, or any proceeding before any agency
25 involving such material, has been completed, or

26 (2) any case or proceeding in which such material may be used
27 has been commenced within a reasonable time after
28 completion of the examination and analysis of all
29 documentary material and other information assembled in

1 the course of such investigation, the custodian shall, upon
2 written request of the person who produced such material,
3 return to such person any such material other than copies
4 furnished to the false claims law investigator under
5 subsection (G)(ii) or made for the Department of Justice
6 under paragraph (2)(B) which has not passed into the
7 control or any court or agency through the introduction into
8 the record of such case or proceeding.

9 (e) Appointment of successor custodians - In the event of the death,
10 disability, or separation from service in the Department of Justice
11 of the custodian of any documentary material, answers to
12 interrogatories, or transcripts of oral testimony produced pursuant
13 to such custodian from responsibility for the custody and control of
14 such materials, answers, or transcripts, the Solicitor General shall
15 promptly -

16 (1) designate another false claims law investigator to serve as
17 custodian of such material, answers, or transcripts; and

18 (2) transmit in writing to the person who produced such
19 material, answers, or testimony notice of the identity and
20 address of the successor so designated. Any person who is
21 designated to be a successor under this paragraph shall
22 have, with regard to such material, answers, or transcripts,
23 the same duties and responsibilities as were imposed by
24 this section upon that person's predecessor in office, except
25 that the successor shall not be held responsible for any
26 default or dereliction which occurred before that
27 designation.

28 (H) Judicial Proceedings - (i) Petition for enforcement - Whenever any person fails to
29 comply with any civil investigative demand issued under subsection (I), or

1 whenever satisfactory copying or reproduction of any material requested in such
2 demand cannot be done and such person refuses to surrender such material, the
3 Solicitor General may file, in the court in which such person resides, is found, or
4 transacts business, and serve upon such person a petition for an order of such court
5 for the enforcement of the civil investigative demand.

6 (ii) Petition to modify or set aside demand - (a) Any person who has received
7 a civil investigative demand issued under subsection (1) may file, in the
8 court within which such person resides, is found, or transacts business, and
9 serve upon the false claims law investigator identified in such demand a
10 petition for an order of the court to modify or set aside such demand. In
11 the case of a petition addressed to an express demand for any product of
12 discovery, a petition to modify or set aside such demand may be brought
13 only in the court in which the proceeding in which such discovery was
14 obtained is or was last pending. Any petition under this subparagraph must
15 be filed - (1) within twenty (20) days after the date of service of the civil
16 investigative demand, or at any time before the return date specified in the
17 demand, whichever date is earlier; or (2) within such longer period as may
18 be prescribed in writing by any false claims law investigator identified in
19 the demand.

20 (b) The petition shall specify each ground upon which the petitioner
21 relies in seeking relief under subparagraph (a), and may be based
22 upon any failure of the demand to comply with the provisions of
23 this section or upon any constitutional or other legal right or
24 privilege of such person. During the pendency of the petition in the
25 court, the court may stay, as it deems proper, the running of the
26 time allowed for compliance with the demand, in whole or in part,
27 except that the person filing the petition shall comply with any
28 portions of the demand not sought to be modified or set aside.

1 (iii) Petition to modify or set aside demand for product of discovery - (a) In the
2 case of any civil investigative demand issued under subsection (1) which
3 is an express demand for any product of discovery, the person from whom
4 such discovery was obtained may file, in the court in which the proceeding
5 in which said discovery was obtained is or was last pending, and serve
6 upon any false claims law investigator identified in the demand and upon
7 the recipient of the demand, a petition for an order of such court to modify
8 or set aside those portions of the demand requiring production of any such
9 product or discovery. Any petition under this subparagraph must be filed
10 (1) within twenty (20) days after the date of service or the civil
11 investigative demand, or at any time before the return date specified in the
12 demand, whichever date is earlier; or (2) within such longer period as may
13 be prescribed in writing by any false claims law investigator identified in
14 the demand. (3) The petition shall specify each ground upon which the
15 petitioner relies in seeking relief under subparagraph (a), and may be
16 based upon any failure of the portions of the demand from which relief is
17 sought to comply with the provisions of this section, or upon any
18 constitutional or other legal right or privilege of the petitioner. During the
19 pendency of the petition, the court may stay, as it deems proper,
20 compliance with the demand and the running of the time allowed for
21 compliance with the demand.

22 (iv) Petition to require performance by custodian of duties - At any time during
23 which any custodian is in custody or control of any documentary material
24 or answers to interrogatories produced, or transcripts of oral testimony
25 given, by any person in compliance with any civil investigative demand
26 issued under subsection (1), such person, and in the case of an express
27 demand for any product of discovery, the person from whom such
28 discovery was obtained, may file, in the court within which the office of
29 such custodian is situated, and serve upon such custodian, a petition for an

1 order of such court to require the performance by the custodian of any
2 duty imposed upon the custodian by this section.

3 (v) Jurisdiction - Whenever any petition is filed in any court under this
4 subsection, such court shall have jurisdiction to hear and determine the
5 matter so presented, and to enter such order or orders as may be required
6 to carry out the provisions of this section. Any final order so entered shall
7 be subject to appeal under the appropriate provisions of the Rules of
8 Procedure. Any disobedience of any final order entered under this section
9 by any court shall be punished as contempt of the court.

10 (vi) Applicability of rules of civil procedure - The Rules of Civil Procedure
11 shall apply to any petition under this subsection, to the extent that such
12 rules are not inconsistent with the provisions of this section.

13 (I) Definitions - For purposes of this section -

14 (i) the term "false claims law" means -

15 (a) this section and sections 3 and 4; and

16 (b) any Act of Congress enacted after the date of the enactment of this
17 section which prohibits, or makes available to the court any civil
18 remedy with respect to, any false claim against, bribery of, or
19 corruption of any officer or employee of the government;

20 (ii) the term "false claims law investigation" means any inquiry conducted by
21 any false claims investigator for the purpose of ascertaining whether any
22 person is or has been engaged in any violation of a false claims law:

23 (iii) the term "false claims investigator" means any attorney or investigator
24 employed by the Department of Justice who is charged with the duty of
25 enforcing or carrying into effect any false claims law, or any officer or
26 employee of the government acting under the direction and supervision of
27 such attorney or investigator in connection with a false claims law
28 investigation;

- 1 (iv) the term “person” means any natural person, partnership, corporation,
2 association, or other legal entity, including any political subdivision of a
3 State;
- 4 (v) the term “documentary material” includes the original or any copy of any
5 book, record, report, memorandum, paper, communication, tabulation,
6 chart, or other document, or data compilations stored in or accessible
7 through computer or other information retrieval systems, together with
8 instructions and all other materials necessary to use or interpret such data
9 compilations, and any product of discovery;
- 10 (vi) the term “custodian” means the custodian, or any deputy custodian,
11 designated by the Solicitor General under subsection (G)(ix); and
- 12 (vii) the term “product of discovery” includes -
- 13 (a) the original or duplicate of any deposition, interrogatory,
14 document, thing, result of the inspection of land or other property,
15 examination, or admission, which is obtained by any method of
16 discovery in any judicial or administrative proceeding of an
17 adversarial nature;
- 18 (b) any digest, analysis, selection, compilation, or derivation of any
19 item listed in subparagraph (i); and
- 20 (c) any index or other manner of access to any item listed in
21 subparagraph (i).

22 SECTION 8. *Separability Clause.* - If any provision or part thereof is held invalid or
23 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
24 valid and subsisting.

25 SECTION 9. *Repealing Clause.* - Any law, presidential decree or issuance, executive
26 order, letter of instruction, administrative order, rule, or regulation contrary to or inconsistent
27 with the provisions of this Act is hereby repealed, modified, or amended accordingly.

1 SECTION 10. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
2 publication in at least two (2) newspapers of general circulation.

Approved,