

ALI-ABA Telephone Seminar  
**The Implications of the Supreme Court's False Claims Act Decision in  
*Rockwell International Corp. v. United  
States ex rel. Stone***

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Live Telephone/Audio Webcast

**Civil False Claims Act: Supreme Court in Rockwell Holds that  
“Original Source” Means Qui Tam Relator Must Have Actual  
Knowledge of FCA Claims to Satisfy Jurisdictional Requirement**

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## Civil False Claims Act: Supreme Court in *Rockwell* Holds That "Original Source" Means *Qui Tam* Relator Must Have Actual Knowledge of FCA Claims to Satisfy Jurisdictional Requirement

In the watershed 1986 amendments to the False Claims Act (FCA), Congress added a provision, 31 U.S.C. § 3730(e)(4), which sought to avoid "parasitic suits" by prohibiting *qui tam* suits in which relators rely on public information, commonly known as the "public disclosure bar." The sole exception to the bar was a case brought by an "original source." The Supreme Court today in *Rockwell International Corp. v. United States ex rel. Stone*, No. 05-1272, slip op. (U.S. March 27, 2007) defined for the first time the "direct and independent knowledge" requirement of the original source exception to the FCA's public disclosure bar.

In Justice Scalia's remarkably simple and lucid majority opinion, the Court found that the original source requirement was a critical jurisdictional requirement when the suit has been brought by an individual and the underlying allegations have been publicly disclosed, and that this requirement applied throughout all stages of the action—initial complaint, amendments to the complaint, the pretrial order, and, in this case, the jury verdict. While it did not mention the matter of the relator's attorney's fees, its holding means that Rockwell is not liable for the substantial amount that would have been awarded to the relator in fees and costs under Section 3730(d)(1). More importantly, this decision returns *qui tam* enforcement to its roots by insisting that *qui tam* cases based on public information may be brought only by those with actual knowledge of the fraud.

The majority of the Court found that Mr. Stone, the relator in *Rockwell*, did not have the requisite knowledge to be considered an original source because the government's amended complaint and the jury's verdict rested on allegations that were materially different from the allegations in the relator's original complaint. The majority also held that the government's intervention did not cure the defect in the jurisdictional foundation of the relator's suit, but employed the common sense rule that this defect did not destroy the jurisdictional basis of the government's own suit and recovery.

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