



To: Bilinguals employees and others affiliated with Bilinguals Inc.

From: Joseph Matuza, Corporate Compliance Officer

Date: March 2010

RE: Compliance Program and Federal Deficit Reduction Act

Bilinguals Inc. is committed to preventing and detecting fraud, waste and abuse. In support of this commitment, Bilinguals Inc. has established a Corporate Compliance Program. The purpose of the Corporate Compliance Program is to establish appropriate controls that will help ensure consistent compliance with the federal and State laws which govern our activities, and to detect violations of the law by employees and others affiliated with Bilinguals Inc.

Bilinguals Inc.'s Corporate Compliance Program includes the following elements:

- A Compliance Officer who is responsible for the day-to-day operations of the Corporate Compliance Program.
- Written standards of conduct, policies and procedures that describes compliance expectations and promote Bilinguals Inc.'s commitment to compliance for all employees and others affiliated with Bilinguals Inc.
- A Corporate Compliance Committee that operates and monitors the Corporate Compliance Program and initiates the necessary actions to correct any compliance problems.
- Regular, effective education and training programs for all employees whose job descriptions include activities that are subject to the Corporate Compliance Program.
- Procedures to encourage employees and others affiliated with Bilinguals Inc. to openly bring to the Corporate Compliance Committee's attention any situation that may be a violation of law or the Corporate Compliance Program without fear of threats, intimidation, retaliation or punishment.
- A system that allows for confidential and anonymous reporting of compliance issues or concerns.
- A system to respond to allegations of improper or illegal activities and the enforcement of appropriate disciplinary action against employees who have violated the Corporate Compliance policies.
- Fairly and firmly enforced disciplinary policies that encourage good faith participation in the compliance program, that articulate expectation for reporting compliance issues and assisting in their resolution and that outline sanctions for: a) failing to report suspected problems; b) participating in non-compliant behavior; or c) encouraging, directing, facilitating or permitting non-compliant behavior.

- Compliance audits and/or other evaluation techniques to monitor compliance and assist in the reduction of potential problem areas.

A goal of the Corporate Compliance Program is to educate appropriate employees with respect to federal and State statutes and regulations with which they must comply. In this regard, the federal Deficit Reduction Act (“DRA”) requires Bilinguals Inc. to provide all employees, contractors or agents with “detailed information” about:

- the federal False Claims Act
- the federal administrative remedies associated with the False Claims Act
- Connecticut laws pertaining to civil or criminal penalties for false claims and statements
- whistleblower protections provided under federal and State laws
- the role of federal and State laws in preventing and detecting fraud, waste and abuse

This letter provides you with the information required by the DRA.

**Federal and Connecticut Statutes
Related to Filing False Claims and Whistleblower Protections**

Numerous federal and State laws prohibit health care providers from submitting “false” or “fraudulent” claims to Medicare and Medicaid and other federally-funded health care programs. Presented below is a listing and description of various federal and State statutes related to the filing of false Medicare and Medicaid claims.

Federal Laws

1. False Claims Act, 31 U.S.C. 3729-3733.

The federal False Claims Act imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from Medicare, Medicaid, or other federal health programs. The penalty for filing a false claim is \$5,500 - \$11,000 per claim and the recoverable damages are between two and three times the value of the amount falsely received. In addition, the false claims filer may have to pay the government’s legal fees.

The False Claims Act allows private individuals to file lawsuits in federal court, just as if they were federal prosecutors. If the suit eventually concludes with payments back to the government, the person who started the case can recover 25-30% of the proceeds if the government did not participate in the suit, or 15-25% if the government did participate in the suit.

2. Administrative Remedies for False Claims, 31 U.S.C. 3801-3812.

This statute allows for administrative recoveries by federal agencies. If a person submits a claim that the person knows is false, or contains false information, or omits material information, then the agency receiving the claim may impose a penalty of up to \$5,000 for each claim. The agency may also recover twice the amount of the claim.

A violation of this law occurs when a false claim is submitted, not when it is paid. Also, unlike the False Claims Act, the determination of whether a claim is false and the imposition of fines and penalties is made by the administrative agency, not by bringing lawsuits in the federal court system.

Connecticut State Laws

It is a crime in Connecticut to fraudulently bill Medicaid or the general assistance program. Anyone who provides services to a Medicaid beneficiary and seeks or accepts payment for unnecessary or improper services is subject to criminal and civil penalties, including possible imprisonment and/or fines, under State law. Depending on the amount of the fraudulent services involved, offenses can carry significant penalties up to and including a 20 year prison sentence and a penalty of up to \$15,000. Individuals who defraud the State's general assistance program will be excluded from participating in the program for at least one year.

Whistleblower Protections

Federal False Claims Act (31 U.S.C. 3730(h)). An employee who is "discharged, demoted, suspended, threatened, harassed or in any manner discriminated against" because of the employee's lawful acts under the federal False Claims Act is entitled to reinstatement, double back pay with interest, special damages, and litigation costs and attorneys' fees.

Conn. Gen. Stat. Sec. 4-61dd (Whistleblowing). An employee of a "large State contractor" (e.g., Medicaid) who is disciplined (or a threatened with discipline) as a result of a report of reporting the employer's corruption, violation of federal or State law or regulations or gross waste of funds can make an administrative complaint to the Chief Human Rights Referee. The Referee may award the employee reinstatement, back pay, reestablishment of employee benefits, reasonable attorneys' fees and other damages.

Conn. Gen. Stat. Sec. 31-51 (Protection of Employee Who Discloses Employer's Illegal Activities or Unethical Practices). After going through any required administrative process, any employee who is disciplined for reporting an employer's violation or suspected violation of any federal, State or local law or regulation or who participates in an investigation a public body may file a court claim. The employee may be entitled to reinstatement, back pay, reestablishment of employee benefits, court costs and attorneys' fees.

If you become aware of any compliance issues or have any questions regarding the information contained in this letter, please contact Joseph Matuza, Bilinguals Inc's Corporate Compliance Officer, at (212) 684-0099 (x 190).