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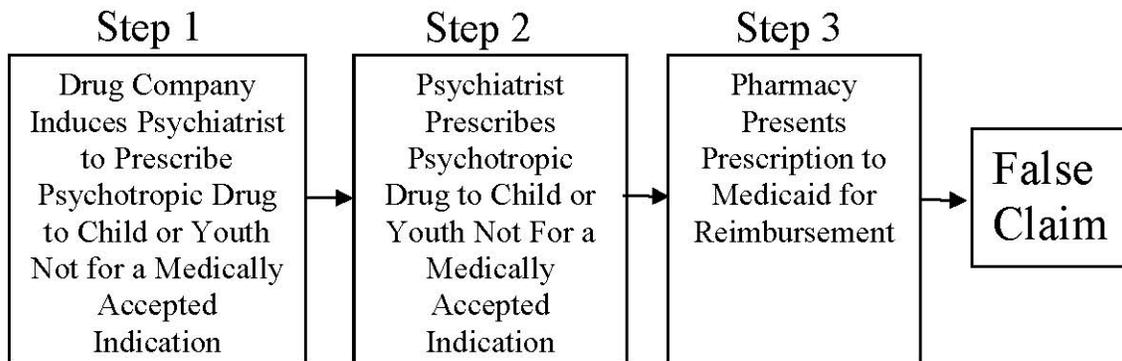
**9th Circuit Allows Fraud to Continue;
PsychRights Expects To File for Rehearing**

The United States Court of Appeals for the Ninth Circuit today [affirmed](#) the dismissal of the Medicaid Fraud Case, [United States ex rel Law Project for Psychiatric Rights v. Matsutani, et al.](#), because the Government knows of the fraud and isn't doing anything about it.

Jim Gottstein, president of the Law Project for Psychiatric Rights (PsychRights®) and the attorney handling the case said, "This decision essentially immunizes all similar past and future fraud from whistleblower cases in the 9th Circuit. We think the decision is wrong on the law and expect to file a petition for rehearing, but the main problem is the government is allowing this massive fraudulent scheme to continue."

Medicaid restricts coverage of outpatient drugs to those that are for a "medically accepted indication," but the drug companies induce doctors to prescribe harmful, ineffective psychiatric drugs to children and youth that are not for medically accepted indications in a fraudulent scheme that can be depicted as follows.

Fraudulent Scheme



The Department of Justice has recovered billions of dollars from drug companies for causing false claims at Step 1 of the Fraudulent Scheme, but have declined intervention involving defendants at Steps 2 & 3. "This means that the drug companies pay their fines, cap their liability and continue to rake in the profits under the fraudulent scheme as the doctors continue to issue these uncovered prescriptions," said Mr. Gottstein.

To address this problem, in July of 2009, the PsychRights® [launched](#) its [Medicaid Fraud Initiative](#) with a [model Qui Tam Complaint](#) for people to use around the country.

Since then the government has declined to intervene in the Alaska case, an Illinois case and a Wisconsin case involving this fraudulent scheme.

In 2007-2008, there were [two suspicious letters](#) on the letterhead of the agency charged with administering the Medicaid program, the Centers for Medicare and Medicaid Services (CMS), that assert Congress did not limit outpatient drug coverage under Medicaid to those used for a medically accepted indication. This is directly contrary to the formal position of the United States Government, taken in a number of False Claims Act cases against drug companies, such as the [United States Statement of Interest in *Polansky v. Pfizer*](#).

"It is hard to escape the conclusion that the Department of Justice has succumbed to the politics of holding doctors accountable for their fraudulent conduct," Mr. Gottstein said, "The result is children's health and even lives are being sacrificed on the altar of drug company profits."

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The Law Project for Psychiatric Rights is a public interest law firm devoted to the defense of people facing the horrors of forced psychiatric drugging and electroshock. PsychRights is further dedicated to exposing the truth about psychiatric interventions and the courts being misled into ordering people subjected to these brain and body damaging drugs against their will. Due to the massive growth in psychiatric drugging of children and youth, PsychRights has made attacking this problem a priority. Extensive information about these dangers, and about the tragic damage caused by electroshock, is available on the PsychRights web site: <http://psychrights.org/>.