

Parkland Hospital Secures Final Judgment in Closely Watched Organ Transplant *Qui Tam*

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Sheppard Mullin's White Collar Defense and Investigations team secured a complete win for Parkland Health and Hospital System (Parkland) in a closely watched *qui tam* action in the Western District of Texas. The relator asserted federal False Claims Act and analogous state law claims alleging a broad fraud scheme involving participants in the national organ transplant system. The relator specifically alleged that Parkland, working with UT Southwestern Medical Center, engaged in practices that harmed Parkland transplant patients and inflated reimbursement claims submitted to Medicare and other government payors. These allegations drew significant public attention, including national media coverage such as a *Washington Post* report.

The Court granted Parkland's Rule 12(b)(6) motion and dismissed all claims against Parkland in a January 16 memorandum opinion and order, holding that the complaint did not plead a sufficiently specific fraud theory as to Parkland under the heightened standards applicable to FCA claims. The Court also dismissed the relator's retaliation claim and, after disposing of the federal theories, declined to exercise supplemental jurisdiction over the remaining state-law claims.

Following those dismissals, the relator moved for leave to file a third amended complaint in an attempt to revive claims. On January 26, the Court denied leave to amend and entered final judgment, dismissing the action with prejudice and closing the case. The Court held that relator had already been afforded ample opportunity to plead his best case and concluded that the deficiencies and gaps identified in the dismissal orders were incurable, rendering any further amendment futile.

This result not only vindicates Parkland, a staple in the Dallas community, but also brings an end to contentious litigation that drew significant attention due to its implications for national organ transplant practices and government healthcare programs. The rulings reinforce the importance of rigorous pleading standards for FCA claims and represent a significant win for the Parkland team.

The team was led by Bill Mateja, Elisha Kobre, Margia Corner, Jason Hoggan, Lauryng Vigil and Rebecca James.

The case is *United States ex rel. Chase v. Parkland Health & Hosp. Sys.*, Western District of Texas, Case No. 5:23-cv-00381.

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Practice Areas

False Claims Act

Governmental

White Collar Defense and Investigations