***United States ex rel. Schutte* v. *Supervalu Inc.*, No. 21-1326**

Today, the Supreme Court held in a unanimous decision that a defendant knowingly makes a false claim under the False Claims Act (FCA) if it has the subjective belief that its claim is false. The Court rejected the argument that the defendant would not be liable if a different person could have had an objectively reasonable basis for believing the claim to be valid.

Background: The FCA allows private plaintiffs to bring lawsuits on behalf of the United States against those who have defrauded the government. The statute imposes liability for "knowingly" submitting false claims, which the statute defines as having actual knowledge that the claim is false, acting in deliberate ignorance of whether the claim is false, or acting with reckless disregard as to whether the claims is false. Here, plaintiffs alleged that two pharmacies defrauded the government by submitting false claims under Medicaid and Medicare. The pharmacies argued that they had not knowingly submitted false claims, because the claims were based on an objectively reasonable interpretation of the applicable regulations. The Seventh Circuit agreed with the pharmacies, relying on *Safeco Insurance Co. of America* v. *Burr*, 551 U.S. 47 (2007), in which the Supreme Court held that objective reasonableness was relevant to the knowledge requirement under the Fair Credit Reporting Act.

Issue: Whether the requirement that a False Claims Act violation be "knowing" refers to a defendant's personal knowledge and subjective beliefs, or to what an objectively reasonable person may have known or believed.

Court's Holding: In a unanimous opinion authored by Justice Thomas, the Supreme Court held that the FCA's knowledge requirement turns on a defendant's subjective knowledge and beliefs at the time of submitting a false claim. The Court explained that the FCA defines "knowingly" to include actual knowledge, deliberate ignorance, and recklessness. The Court explained that all of these mental states hinge on what a defendant subjectively knows or believes, and not on what an objectively reasonable person may have known or believed. The Court further held that the regulations at issue were not so ambiguous that a defendant could never knowingly violate the regulations. The Court rejected the companies' reliance on *Safeco*, explaining that that decision interpreted a different statute with a different knowledge requirement.

Read the opinion here.