

CLIENT ALERT

NY State AG Targets Private Equity for Tax Related FCA Violations

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On April 18, the New York Attorney General's Office announced a \$40 million settlement with a hedge fund under the state's False Claims Act, arising out of whistleblower allegations that members of the fund's investment manager failed to pay millions in New York State tax on performance income for several years. According to the AG, the settlement reflects "the largest tax-related recovery by the Attorney General's office resulting from an action filed under the New York False Claims Act." As firms evaluate their exposure to state-level FCA claims, it is worth noting that the state's FCA was amended several years ago to cover tax claims, in a bill sponsored by the current AG. For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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