

**WHISTLEBLOWERS:
DOES COMPENSATING
WBS LEAD TO BETTER
GOVERNANCE?
IBA 2023 CORPORATE
GOVERNANCE CONFERENCE**



U.S. WHISTLEBLOWER REWARD PROGRAMS

A monetary incentive offered by U.S. government & its agencies to individuals in exchange for their valuable assistance in exposing wrongdoing otherwise difficult to detect

7 MAIN U.S. WHISTLEBLOWER REWARD PROGRAMS – FEDERAL (1 OF 2)



DOJ -FCA



1863/1986
FALSE CLAIMS ACT:
Foundation of
U.S. whistleblower
reward system.
Whistleblowers report
fraud in federal
government contracts and
programs. 31 states and 8
cities have FCAs.



IRS



2006
Incentivizes people to
report evasion,
underreporting, and
other U.S. tax law
violations.



SEC



2010
Encourages those
with knowledge of
violations of U.S.
securities laws or
bribery of foreign
government officials
to share this
information with the
SEC.



CFTC



2010
Encourages those with
knowledge of violations
of the U.S. Commodity
Exchange Act to share
this information.

7 MAIN U.S. WHISTLEBLOWER REWARD PROGRAMS - FEDERAL (2 OF 2)



DOT



2015

Encourages those with knowledge of vehicle safety violations to share this information with the DOT.



TREASURY



2021

KLEPTOCRACY ASSET RECOVERY: Encourages those with knowledge of **stolen assets linked to foreign government corruption** to share this information with the Treasury Department



TREASURY



2021 & 2022

FINCEN: JAN. 2021: Encourages those w/ knowledge of violations of **U.S. Bank Secrecy Act**/money laundering to share this info w/ Treasury Department.
DEC. 2022: Program expanded to include **violations of U.S. sanctions laws**.

FALSE CLAIMS ACT – FEDERAL, STATE & LOCAL

FEDERAL FALSE CLAIMS ACT

- Medicare fraud
- Defense fraud
- Customs fraud
- International aid fraud

STATE & LOCAL FALSE CLAIMS ACTS

- State Medicaid fraud
- Procurement fraud

Allows private persons, known as relators, to bring *qui tam* lawsuits on the government's behalf, with the promise of a potential reward of between **15% and 30%** of any fines imposed by the government.

STATE FCAs [31]

California	North Carolina
Colorado	Oklahoma
Connecticut	Puerto Rico
Delaware	Rhode Island
District of Columbia	Tennessee
Florida	Texas
Georgia	Vermont
Hawaii	Virginia
Illinois	Washington

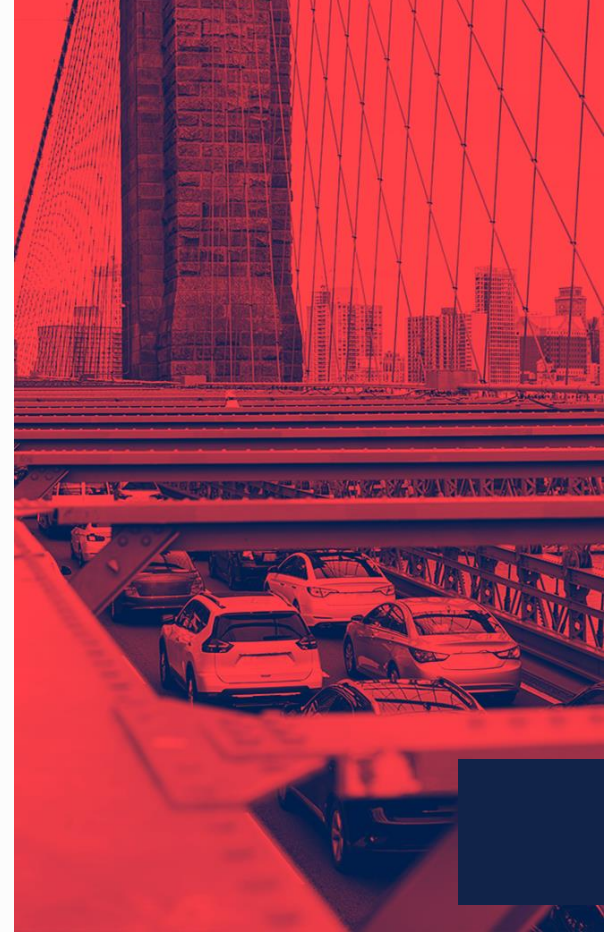
Indiana
Iowa

Louisiana
Maryland
Massachusetts
Michigan
Minnesota
Montana
Nevada
New Hampshire
New Jersey
New Mexico
New York

Local FCAs [8]

Bay Harbor Islands, FL
Broward County, FL
City of Hallandale Beach, FL
Miami-Dade County, FL
Chicago, IL
New York City, NY
Allegheny, PA
Philadelphia, PA

**FACTS & FIGURES
FROM US
WHISTLEBLOWER
REWARD PROGRAMS**



1987-2022 DOJ (FALSE CLAIMS ACT)

\$72,578,696,300

Total
collection by
DoJ

\$50,385,673,173

69%

Total collection as
a result of **Qui Tam**
whistleblowers

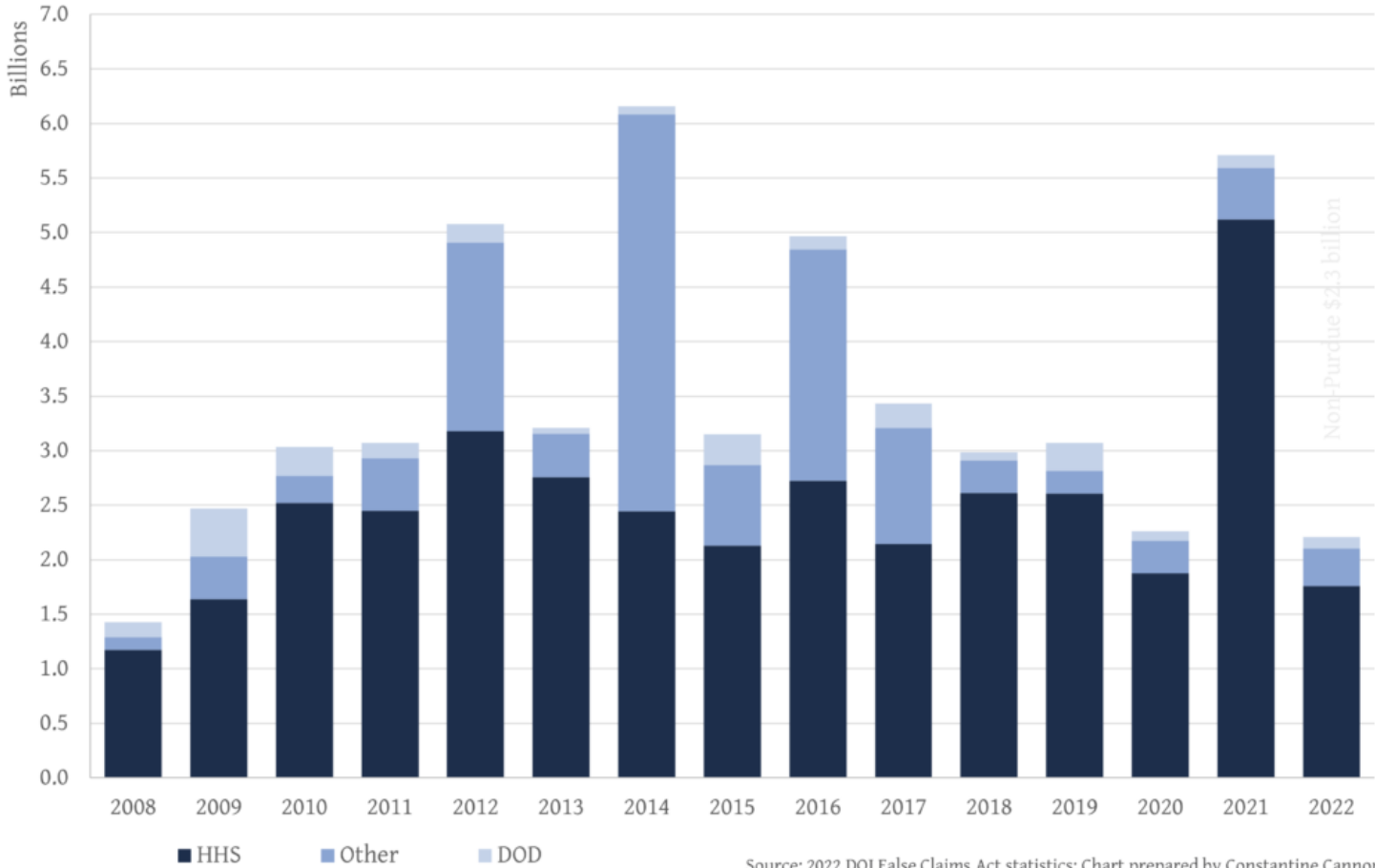
\$8,619,430,108

12%

Total amount of
whistleblower
awards

(US DOJ 1987 to 2022 fraud statistics overview)

Total DOJ-Reported Fraud and FCA Recoveries Through FY2022



**PRE-DODD FRANK SEC
WHISTLEBLOWER PROGRAM
(1989-2010)**

\$159,537

Paid to whistleblowers under the SEC's discretionary program.

<https://www.sec.gov/files/474.pdf>

**POST-DODD FRANK SEC
WHISTLEBLOWER
PROGRAM (2010+)**

\$1.9 BILLION

Total amount of whistleblower awards to 397 individuals.

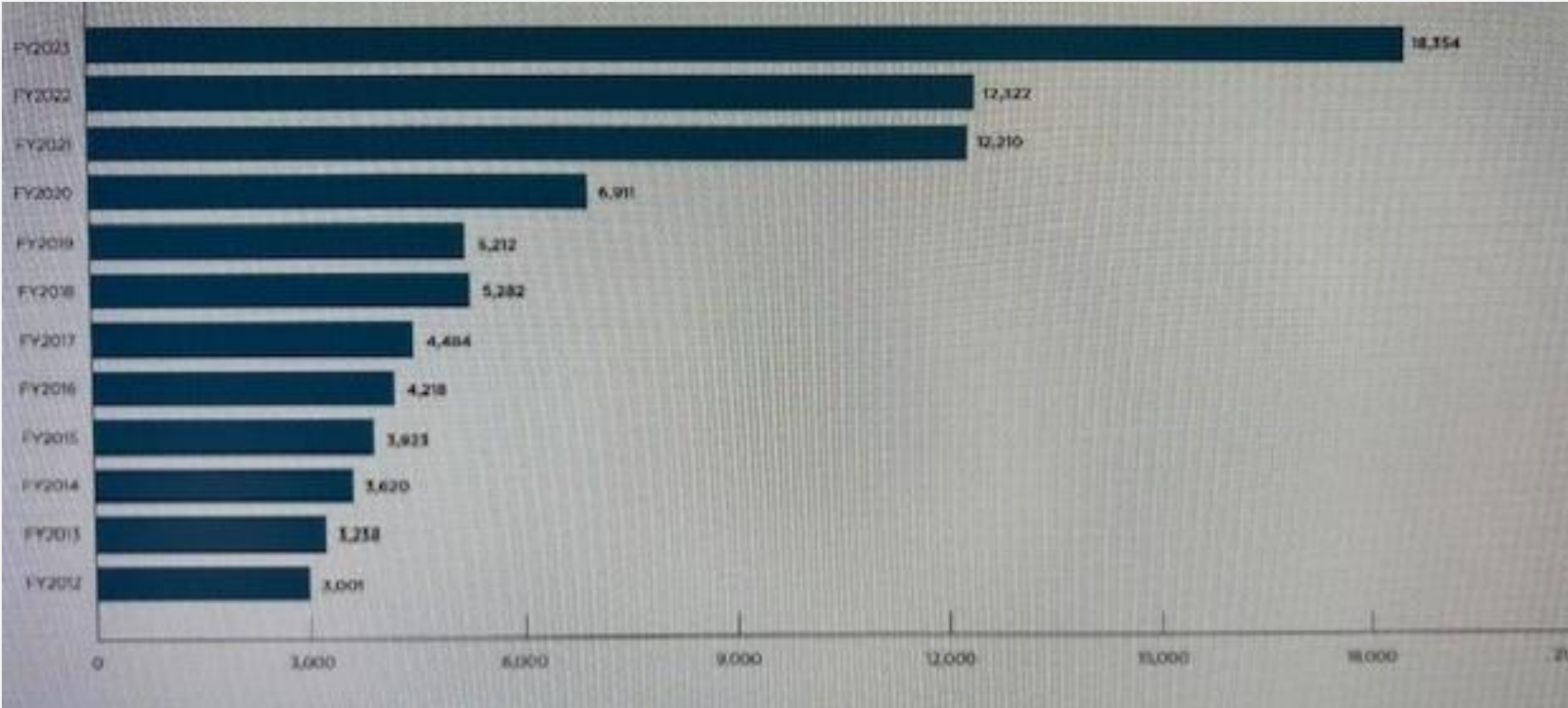
~\$6.3 BILLION

Total recovery due to whistleblower tips as of 2022

https://www.sec.gov/files/2022_ow_ar.pdf

SEC WB PROGRAM – HISTORICAL # OF TIPS

2012 - 2023



SEC WB PROGRAM FISCAL YEAR 2023 FIGURES

~\$600,000,000

Awarded to 68 whistleblowers

18,354

Number of tips

2023 Examples

\$279,000,000

May 2023: largest WB award in SEC WB program's history to 1 WB

\$104,000,000

August 2023: awarded to 7 WBs

CFTC WB PROGRAM 2014 TO 2023

> \$3,000,000,000

Total Monetary Sanctions

\$350,000,000

Awarded to undetermined #
of whistleblowers since FY
2014 to 2023

BETWEEN 30 & 40%

of active CFTC investigations
involve whistleblowers

\$200,000,000

October 2021 – largest CFTC award
ever to an individual whistleblower.
Deutsche Bank Libor WB; received % of both
US & UK FCA fines imposed

\$10,000,000

March 2022 – voluntarily provided
original information

\$30,000,000

July 2018 – large single award

IRS WB PROGRAM FY 2007-2022

\$6.6 BILLION

Proceeds collected as a result of
whistleblower informant tips

\$1.1 BILLION

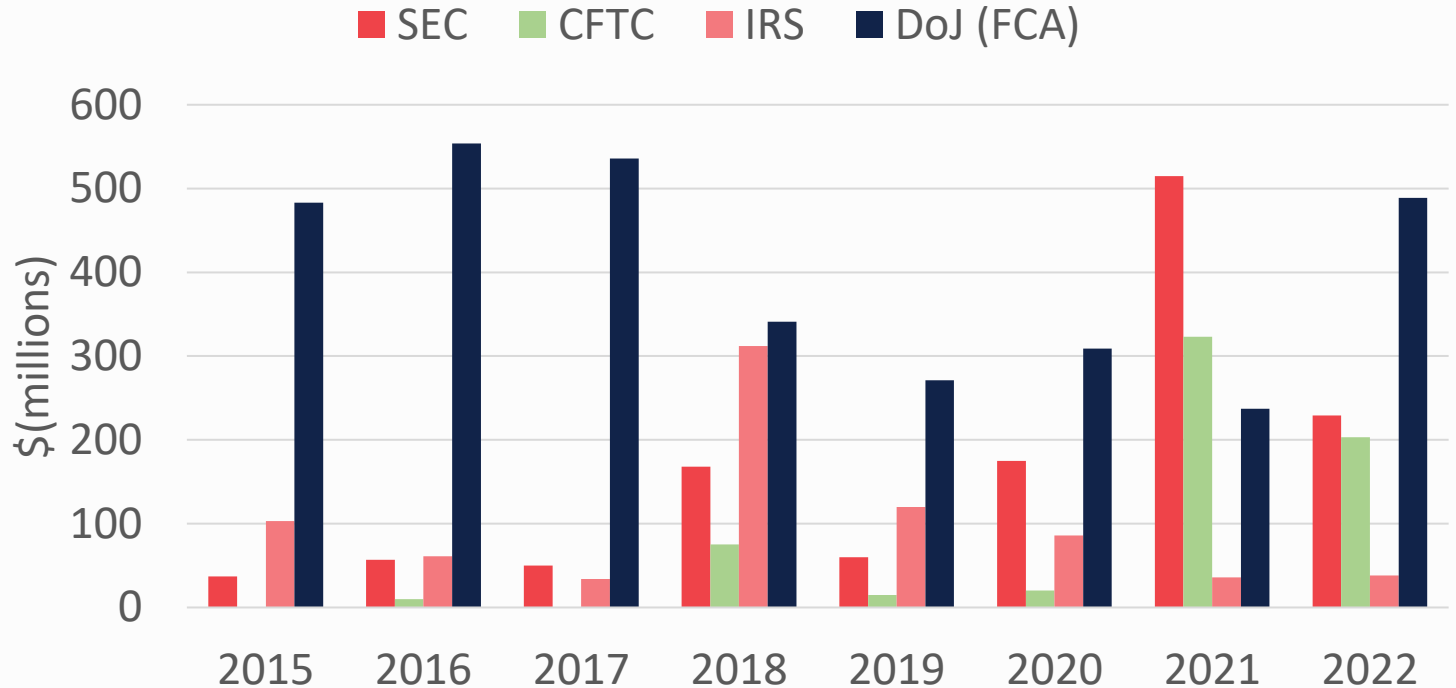
Total amount of whistleblower
awards

16.6%

Whistleblower awards
percentage of total proceeds
recovered

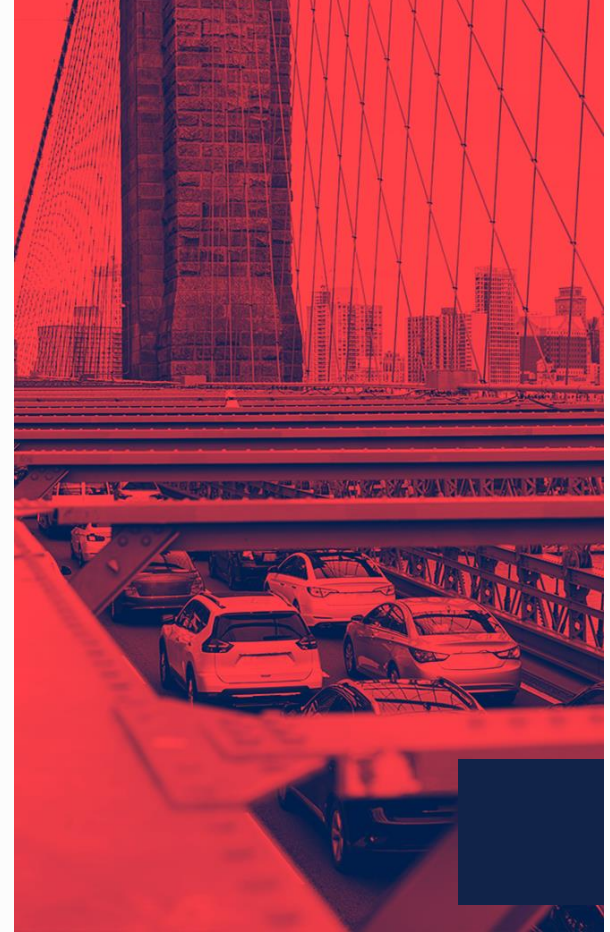
(IRS 2022 whistleblower program annual report to Congress)

U.S. PROGRAM WB AWARDS BY YEAR



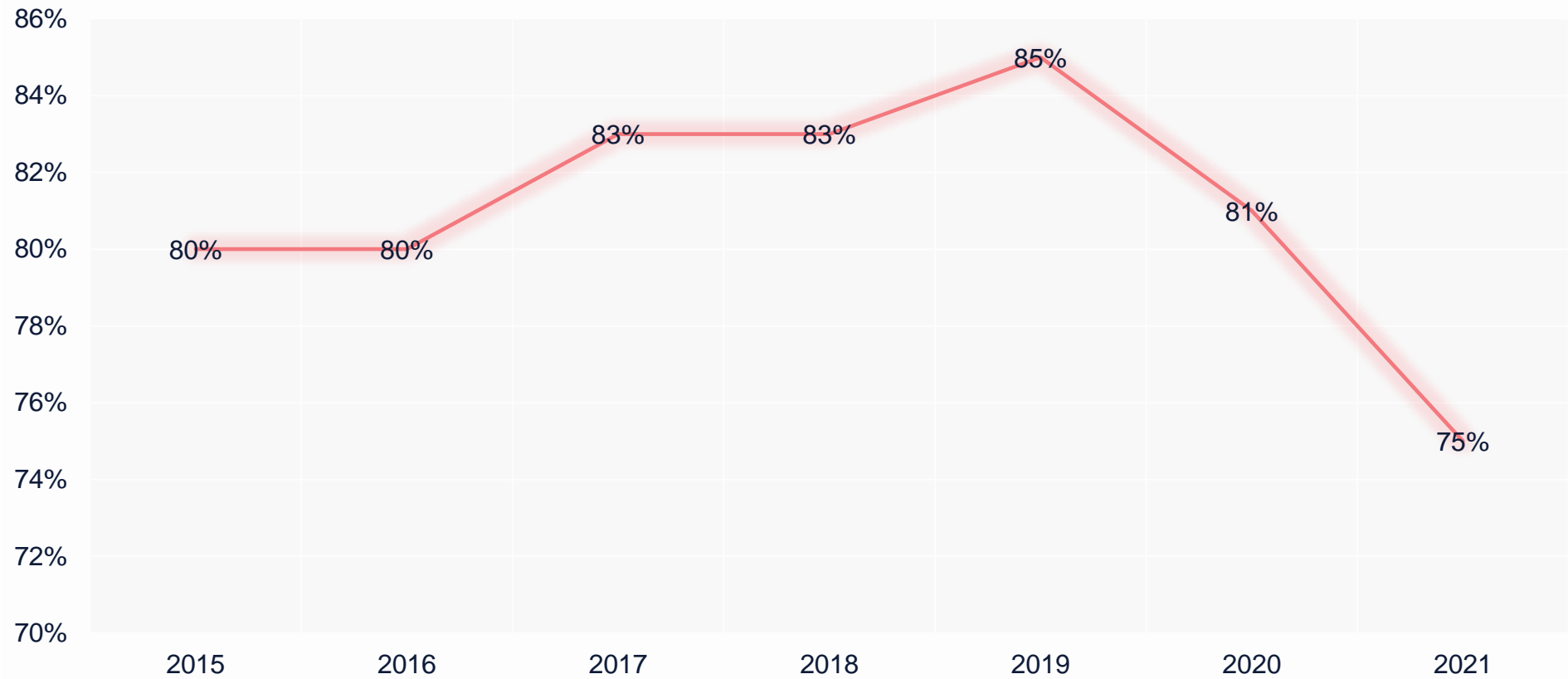
(Data from SEC, CFTC and IRS annual reports to Congress & DOJ statistics)

**DISPELLING MYTH REWARDS
WILL UNDERMINE INTERNAL
REPORTING MECHANISMS:
ARE WE REALLY LISTENING
TO WB REPORTS?**



SEC WB PROGRAM

% of awards recipients who raised concerns internally first





THANKS!

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