

SNITCHES GET STITCHES

AND WIND UP IN DITCHES:



COLUMBUS

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The Telegraph

Business

Business

Barclays boss Jes Staley publicly apologises over whistleblowing scandal



By Ben Martin, BANKING CORRESPONDENT

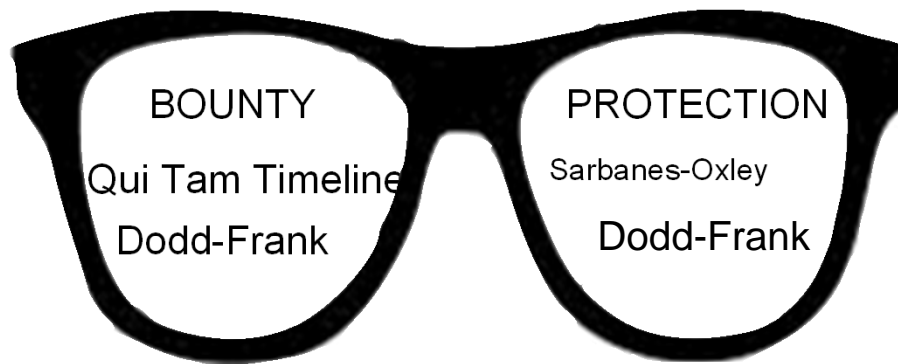
10 MAY 2017 • 6:46PM

Barclays chief executive Jes Staley is under mounting pressure after an embarrassing shareholder revolt for embroiling the bank in scandal for breaking whistleblowing rules.

Some 16pc of shareholders who voted at today's annual general meeting refused to back Mr Staley's re-election in a binding poll, with 14pc withholding their ballots and just over 2pc casting them against the boss.

Barclay's CEO 4/10/17

WHISTLEBLOWER PROTECTION & REWARDS



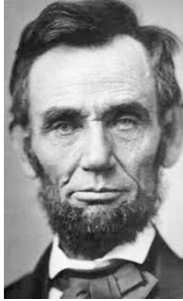
WHISTLEBLOWER PROTECTION & REWARDS

Qui Tam Awards

Dodd- Frank



Qui Tam Awards



False Claims Act passed by Congress on March 2, 1863
 Before the FBI and DoJ
 Private bar brought lawsuits on behalf of the government
"qui tam pro domino rege quam pro se ipso in hac parte sequitur,"
"he who brings an action for the king as well as for himself."
 Double damages fines, plus \$2,000 civil fine per violation
 "Relator" entitled to 50% of the amount recovered

Civil War

Today



Dodd-Frank §922

- Bounty Provision
- Anti-retaliation provisions

§922 - Bounty

- Amended Securities Exchange Act of 1934
 - If SEC levies sanction exceeding \$1,000,000
 - Whistleblower providing original information entitled to 10-30% of the sanctions imposed
 - Applies to both public and private companies

§922 - Bounty

- Whistleblower may report to the SEC without reporting internally first
- May create a tension, and incentive to let problems fester, to grow larger for bigger bounty

Dealing with Concerns

Possible Problem
Identification

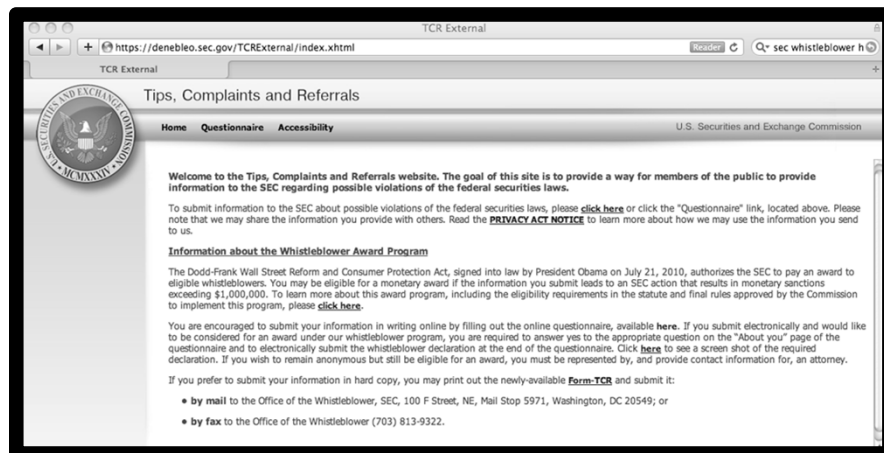
Contact your
supervisor

Contact the Director
of Operational Risk
or Employee
Relations

Contact your
supervisor's
supervisor

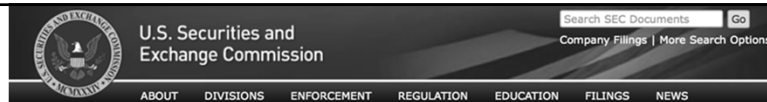
Contact the
Helpline/Hotline

SEC COMPLIANCE LINE



SEC COMPLIANCE LINE

Enforcement actions from whistleblower tips have resulted in more than \$935 million in financial remedies.



TOP 10 AWARDS

2017

January 23 — \$7 million

January 6 — \$5.5 million

2016

December 5 — \$3.5 million

November 14 — \$20 million

September 20 — \$4 million

August 29 — \$22 million

June 9 — \$17 million

May 17 — \$5 million to \$6 million

May 13 — \$3.5 million

2014

September 22 — \$30 million

2013

September 30 — \$14 million

	Sarbanes-Oxley Act (as amended to date)	Dodd Frank Act
Whistleblower defined	<p>“Employees” who engage in certain protected activities. “Employee” includes: present workers, former workers (if the protected activity occurred during the course of their employment), applicants for employment with a covered employer, and individuals whose employment may be affected by a covered person.</p> <p>29 C.F.R. §1980.101(g)</p>	<p>Any individual who provides ... information relating to a violation of the securities law to the SEC in a manner established, by rule or regulation, by the Commission.</p> <p>7 U.S.C. § 26(a)(7)</p>

**SUPREME COURT
OF THE UNITED STATES**

IN THE SUPREME COURT OF THE UNITED STATES

DIGITAL REALTY TRUST, INC.,

Petitioner,)

v.) No. 16-1276

PAUL SOMERS,

Respondent .

DECIDED

Feb 21, 2018



**Digital Realty Trust, Inc. v. Somers,
583 U.S. ____ (2018)**

QUESTION

Does the anti-retaliation provision for "whistleblowers" in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 extend protection to individuals who have not reported alleged misconduct to the Securities and Exchange Commission and thus fall outside the act's definition of "whistleblower"?

DECISION

No, the anti-retaliation provision for "whistleblowers" in the Dodd-Frank Act protects only individuals who report alleged misconduct to the SEC. Justice Ruth Bader Ginsburg delivered the unanimous opinion of the Court. The Act explicitly defines whistleblowers as any individual who provides pertinent information "to the Commission," and this definition is corroborated by Dodd-Frank's purpose to aid the SEC's enforcement efforts by incentivizing people to tell the SEC about violations. Individuals who report violations to any other federal agency, Congress, or an internal supervisor, are not within the scope of this express definition of whistleblower in the Dodd-Frank Act. Because the language of the statute is not ambiguous, the SEC's contrary view is not entitled to *Chevron* deference.



**ADDRESSING WHISTLEBLOWER CONCERNS
BEFORE THEY FEEL A NEED TO REPORT**

PERCEPTION

SEE IT.

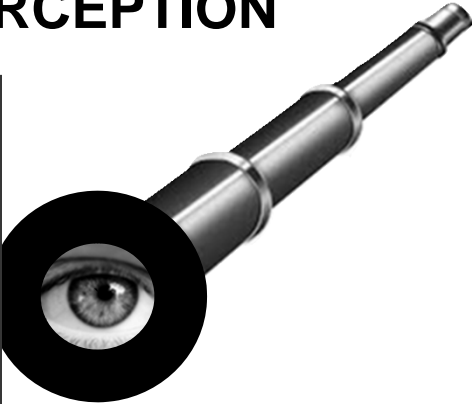
Trust your instincts if something doesn't look right.

SAY IT.

Notify Staff or the Police.

SORTED.

We'll take you seriously. And we'll sort it.



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www.corporatecompliance.org



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Security and Privacy Officer
Gastroenterology & Hepatic Wellness Center
San Juan, Puerto Rico
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by Paul Fiorelli, JD, MBA, CCEP

Snitches get stitches and wind up in ditches

Conclusion

Managerial whistleblowers like Mark Whitacre and Michael Woodford are not your typical tattlers. Most concerned employees are closer to the potential problem, and these peers can be the eyes and the ears for the company. Sometimes even well-intentioned associates get it wrong. They see something they don't understand and assume the worst. This may create some false positive allegations, but it's better to have management explain why something isn't a problem than to have employees afraid to use the company helpline. Their boss or boss's boss may know about the concern, but have a perfectly good explanation for it. Perhaps the questionable

activity was recently approved by their industry's regulators, or what appears to be a conflict of interest has been disclosed to, and approved by, all the impacted parties.

Whenever it's possible to explain why something isn't a problem, managers should thank the employee for bringing the question forward, and tell them why the company is proceeding a certain way. Unfortunately, there may be times when the company can't close the loop and give feedback to the whistleblower, because there's an ongoing investigation, pending lawsuit, or they need to respect another employee's privacy rights. This forms an information gap, which can create a "trust vacuum." Will employees understand that the company can hear their concerns and take action, but they may not see the results? Will associates still have faith in the system? This is the challenge that managers need to address in order to take care of problems at their earliest stages, instead of reacting to front page headline scandals. It's better to tamp out a number of small smoldering office fires than deal with one raging corporate inferno. *

Listening to the Quietest Voice in the Room

"If everyone has a sense of long-term stewardship over our assets every day, then people will also start to speak up more if they have concerns. I want us to sharpen our everyday attitude to operational and technical risk, to ensure it is the norm for people on the frontline to speak about risk, and for managers to listen."

"I don't assume that I always know the answer to something. I can draw on years of experience and intuition, but we need to be constantly enquiring and learning and listening to everyone – including the quietest voice in the room. We have to keep thinking the unthinkable – be it operational, financial or compliance risk. Nobody has all the answers. Only by working together and making the most of everyone's capabilities will we begin to move the company forward."

**ALL THAT IS NECESSARY
FOR EVIL TO TRIUMPH IS
FOR GOOD MEN (AND
WOMEN) TO DO NOTHING.**

EDMUND BURKE

**ANY QUESTIONS?
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