

DOJ Launches Corporate Whistleblower Awards Pilot Program

Under the Corporate Whistleblower Awards Pilot Program, certain individuals who provide original and truthful information about corporate misconduct may be eligible to receive a monetary incentive award if the information results in successful criminal prosecution and criminal or civil asset forfeiture. The pilot program targets corporate misconduct not covered by existing whistleblower incentive programs and focuses on crimes involving financial institutions and cryptocurrency businesses, companies involved in corruption schemes, and health care fraud schemes involving private insurance plans. While whistleblowers are incentivized to rush to the DOJ to report corporate misconduct, companies are encouraged to be prepared to immediately launch investigations into complaints of unlawful conduct and quickly make self-disclosures of the same.

Introduction On August 1, the Department of Justice's Criminal Division [announced](#) the details of its three-year Corporate Whistleblower Awards Pilot Program. The now-effective initiative incentivizes individuals to report corporate misconduct and enhances the DOJ's ability to uncover and prosecute corporate crime. The pilot program, previewed by Deputy Attorney General Lisa Monaco in March 2024, adds to existing federal whistleblower programs, encourages corporate investment in compliance programs and reporting procedures, and strengthens the DOJ's corporate accountability tools.

Pilot Program Details Under the program, whistleblowers may be eligible for an award when they report original information about criminal misconduct relating to one or more designated program areas. The reported information must lead to forfeiture exceeding \$1 million in net proceeds and cannot be publicly available. Whistleblowers must fully cooperate with the DOJ's investigation. The whistleblower's information must relate to one of the following subject areas:

- Certain crimes involving financial institutions, from traditional banks to cryptocurrency businesses;
- Foreign or domestic corruption involving corporate misconduct; or
- Health care fraud schemes involving private insurers (i.e., health care fraud not covered by the False Claims Act).

Whistleblowers are not eligible for a reward if they:

- Are meaningfully involved in the reported misconduct;
- Make any false statements in their reporting or cooperation with the DOJ;
- Obtained the information through work as a compliance officer or auditor of the reported company;
- Are employed by the DOJ or are an immediate family member of a DOJ employee;
- Received the information from an ineligible person or to bypass any provision of the program;
- Are an elected or appointed foreign government official; or
- May be eligible for an award through another whistleblower program.

The DOJ has sole discretion over the amount of any award, but rewards may be lucrative. A whistleblower may receive up to 30% of the first \$100 million in net proceeds forfeited, an award of up to 5% of any net proceeds forfeited between \$100 million and \$500 million, but no award on net proceeds forfeited above \$500 million. **Corporate Self-Disclosure Credit Still Available** The pilot program imposes a new and important 120-day period for both whistleblowers and companies. Whistleblowers may be eligible for an award even if they first report the information through their employer's internal reporting process. The whistleblower must also report the same information to the DOJ within 120 days of the internal report. The DOJ also **announced** that it was temporarily amending its Corporate Enforcement and Voluntary Self-Disclosure Policy. The amendment allows companies to qualify for a presumption of a declination — meaning the DOJ will not prosecute or criminally resolve the matter — if they self-disclose within 120 days of an internal whistleblower report, even if the whistleblower already disclosed the misconduct to the DOJ. To be eligible, however, the disclosure must be made before the DOJ reaches out about the matter. Companies must meet all other voluntary self-disclosure requirements, including full cooperation and engaging in remediation. This amendment eliminates a potential race to disclose between employees and employers over these competing self-disclosure policies. Nonetheless, companies still face pressure to swiftly self-disclose purported misconduct. Moreover, any retaliatory conduct could adversely affect a company's cooperation and remediation credits for the at-issue misconduct. The DOJ will assess any alleged retaliation in determining whether the company cooperated with or obstructed a DOJ investigation. The pilot program directs whistleblowers to report any attempts to prevent their communications with the DOJ. **Conclusion** This new pilot program furthers the DOJ's recent efforts to encourage early cooperation and self-reporting from companies in return for leniency. The substantial financial incentives available through the program are expected to increase the number of whistleblowers reporting potential criminal misconduct to the DOJ. Companies should continue to invest in robust compliance programs and internal reporting processes to address corporate misconduct. The new 120-day reporting window is a critical date for companies. Companies should

establish a process for identifying and escalating reports of misconduct, quickly evaluate allegations, and make informed decisions on self-disclosure within this window. Companies should also ensure they have a mechanism in place to evaluate disclosure decisions based on incomplete information or before an internal investigation can be concluded in complex cases.

Authored By



Erin J. Hoyle

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