

# Locke Lord QuickStudy: DOJ Announces New Whistleblower ?Reward Program

Locke Lord LLP

## WRITTEN BY

[Ryan Last](#)

---

On March 7, 2024, at the American Bar Association’s National Institute on White Collar Crime, Deputy Attorney General Lisa O. Monaco unveiled the Department of Justice’s (“DOJ”) ambitious “90-day sprint” to launch a new whistleblower reward program. This initiative targets individuals who report criminal misconduct in public or private companies, with a focus on violations of the Foreign Corrupt Practices Act (“FCPA”) and the newly enacted Foreign Extortion Prevention Act (“FEPA”). Acting Assistant Attorney General Nicole Argentieri provided further details the following day, explaining that the program aims to mirror the success of existing whistleblower incentives within the DOJ’s broader enforcement efforts.

## Program Launch and Objectives

The DOJ plans to roll out a new whistleblower program offering monetary rewards to persons who expose corporate misconduct. Deputy Attorney General Monaco highlighted that this program complements the DOJ’s voluntary self-disclosure policy, which encourages companies to report misconduct proactively. The new whistleblower program incentivizes whistleblowers to come forward, emphasizing that the first to report receives the monetary benefit.

Monaco noted that while other federal agencies like the U.S. Securities and Exchange Commission (“SEC”), the U.S. Commodity Futures Trading Commission (“CFTC”), the Internal Revenue Service, and the U.S. Department of the Treasury’s Financial Crimes Enforcement Network have successful whistleblower programs, specific agency programs are limited in scope. The new DOJ program will address a broader range of corporate and financial misconduct, including foreign corruption cases beyond the SEC’s jurisdiction and include violations of FEPA.

## Implementation and Administration

The DOJ Criminal Division’s Money Laundering and Asset Recovery Section will lead the development of this whistleblower reward program, utilizing statutory authority similar to that of the DOJ’s asset forfeiture program. The DOJ has established initial guidelines for the program:

- **Eligibility:** Rewards will be available to individuals providing truthful, previously unknown information, and who were not involved in the criminal activity.
- **Victim Compensation:** Rewards will be granted only after all victims have been compensated.
- **Existing Incentives:** Informants cannot receive rewards if there are existing financial incentives, such as through

a qui tam action or another federal whistleblower program.

- Monetary Threshold: Rewards will be given only if the monetary sanction exceeds a specific threshold, yet to be determined, but potentially similar to the \$1 million threshold used by SEC and CFTC programs.

## Focus Areas

The DOJ is particularly interested in:

- Foreign Corruption: Cases outside SEC jurisdiction, including FCPA violations by non-issuers and FEPA violations.
- Domestic Corruption: Cases involving illegal corporate payments to government officials.
- Financial System Abuses: Criminal abuses of the U.S. financial system.

## Existing Disclosure Incentives

Monaco discussed current DOJ programs designed to incentivize corporate disclosure and build a framework promoting corporate responsibility. These programs emphasize accountability for corporate misconduct and impose penalties on repeat offenders. The DOJ's approach combines "carrots and sticks" to foster strong compliance cultures and encourage proactive reporting of issues.

Key initiatives include:

- Voluntary Self-Disclosure: Companies receive more favorable resolutions when they self-disclose misconduct. New pilot programs in specific districts offer benefits to individuals who report and cooperate against other wrongdoers.
- Mergers & Acquisitions Safe Harbor Policy: Encourages companies to report wrongdoing discovered within six months of an acquisition, with a presumptive declination of charges.
- Compensation Incentives and Clawbacks Pilot Program: Provides a dollar-for-dollar reduction in monetary penalties when companies enforce clawbacks against individuals responsible for misconduct.

## Combatting AI-Related Threats

Monaco also highlighted DOJ's initiatives to address risks posed by artificial intelligence ("AI") in white-collar crime:

- Enhanced Sentencing: Stiffer sentences for misuse of AI in committing crimes.
- Compliance Program Evaluation: Assessment of corporate compliance programs' effectiveness in mitigating AI risks.
- Justice AI Initiative: A new program to engage stakeholders in addressing AI's impact on corporate compliance and misconduct.

## Key Takeaways

- *New Whistleblower Program*: The DOJ will soon offer rewards for reporting corporate misconduct, expanding the scope of whistleblower incentives.

- *Disclosure Incentives*: The DOJ continues to encourage voluntary self-disclosure of corporate misconduct with various programs offering significant benefits.
- *AI Misuse Initiatives*: New measures to combat AI-related criminal activities, including enhanced sentencing and compliance program evaluations.

This new landscape underscores the importance of timely and voluntary disclosure of any potential misconduct. Companies must invest in robust compliance programs and act swiftly to investigate and report any FCPA violations to mitigate risks and potential penalties.

As the DOJ implements its new whistleblower reward program, companies can expect increased scrutiny and a greater likelihood of whistleblower reports, especially related to foreign and domestic corruption. This initiative, along with existing self-disclosure incentives and measures against repeat offenders, highlights the DOJ's commitment to prosecuting corporate misconduct. Businesses must prioritize robust compliance programs to swiftly detect and address potential violations, fostering a culture of ethical behavior and transparency. Timely voluntary disclosures will mitigate penalties and demonstrate a commitment to lawful conduct, while staying ahead of AI-related risks will be crucial as regulatory expectations evolve. Proactively enhancing compliance measures will help companies navigate this changing landscape and maintain their reputation as responsible corporate citizens.

## **Conclusion**

Please reach out to the authors on any questions related to these topics. As we have in the past, we will continue to monitor these issues and will provide future client updates. This QuickStudy is for guidance only and is not intended to be a substitute for specific legal advice.

## **RELATED INDUSTRIES + PRACTICES**

- [Corporate](#)
- [International](#)
- [Sanctions + Trade Controls](#)
- [White Collar Litigation + Investigations](#)