

BUSINESS OWNERS BEWARE - HERE COMES ANOTHER WHISTLEBLOWER PROGRAM

by Brian Mahany

They say the devil is always in the details and that certainly applies to much of the recent financial reform legislation coming from Capitol Hill these days. Jilted lovers and disgruntled employees have reported billions of dollars of unpaid taxes since the IRS revamped its whistleblower program. Why have they done so? Congress authorized the IRS to pay rewards of up to 30% of the taxes recovered through the program to whistleblowers. Dubbed the “Rat Your Neighbor” program by one US senator, the program is being expanded. Now the Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission get to pay rewards.

Even loyal employees have a huge incentive to turn in their bosses. If their information leads to a \$1 million dollar fine, they can “earn” 10 to 30% of that fine if they are the first to blow the whistle on their employer.

Think about firing that employee who just turned you in? Think twice, the new legislation has an anti-retaliation provision too.

What does this mean for American businesses? Expect increased reporting from unhappy workers, competitors, activists and even

ex-spouses. Paying huge rewards encourages people to become government informants. The stakes have once again been raised.

–

MahanyLaw concentrates in criminal tax defense and regulatory compliance law. Whether you are the target of an SEC enforcement action or seek a forensic audit / review to avoid future problems, Brian Mahany and the legal, investigative and accounting team at MahanyLaw can help. We are a national practice ready to help anywhere in the U.S.

Have someone you wish to report? Our practice is limited to defending businesses and their officers but we can steer you in the right direction.

Founder Brian Mahany can be reached for a confidential consultation directly at (414) 704-6731 or at brian@mahanylaw.com

