

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

• [See a sample reprint in PDF format](#) • [Order a reprint of this article now](#)

U.S. NEWS

# Holder Proposes Bigger Rewards for Wall Street Whistleblowers

*U.S. Attorney General Also Seeks More FBI Hires to Probe Wall Street*

By DEVLIN BARRETT

Updated Sept. 17, 2014 9:24 p.m. ET



Attorney General Eric Holder said increasing the size of rewards 'could significantly improve the Justice Department's ability to gather evidence.' *Associated Press*

WASHINGTON—The Obama administration is scouring Wall Street for whistleblowers, urging anyone with information about corporate misconduct to tell the government—and proposing changes to make it far more profitable to do so.

In three separate speeches Wednesday, senior Justice Department officials appealed to witnesses inside companies to come forward with evidence of wrongdoing. Attorney General [Eric Holder](#) told an audience at the New York University School of Law that he wants to boost the potential payouts to whistleblowers by changing the existing law that caps such rewards in cases involving banks.

Senior Justice Department official Marshall Miller, in a speech to corporate lawyers in Manhattan,

warned that prosecutors increasingly are using tools like wiretaps, surveillance and border stops to identify white-collar criminals. He urged firms to cooperate with investigators or face stiff punishment.

"A true cooperator—whether a mobster or a company—must forthrightly provide all the available facts and evidence so that the most culpable individuals can be prosecuted," he said.

And in Washington, Leslie Caldwell, the head of the Department's criminal division, urged lawyers who represent whistleblowers to also notify criminal investigators of wrongdoing, rather than just seek monetary penalties through civil suits.

The trio of speeches amounted to the most extensive public statements from the Justice Department on white-collar crime in more than a year.

Mr. Holder's tenure as attorney general has been marked by criticism, particularly from fellow Democrats, that his department didn't aggressively pursue criminal charges against executives whose conduct contributed to the 2008 financial meltdown.

Industry defenders have argued that few charges were filed against executives because crimes weren't committed, and have accused Mr. Holder's Justice Department of unfairly demonizing Wall Street.

"The buck needs to stop somewhere where corporate misconduct is concerned," Mr. Holder said. "We ought to consider this further, and modify our laws where appropriate."

To help Washington stop financial crimes, Mr. Holder urged Congress to allow bigger whistleblower rewards under the 1989 Financial Institutions Reform, Recovery and Enforcement Act, called Firrea. Current law caps any Firrea whistleblower payment at \$1.6 million.

Increasing the size of whistleblower rewards "could significantly improve the Justice Department's ability to gather evidence of wrongdoing while complex financial crimes are still in progress—making it easier to complete investigations and to stop misconduct before it becomes so widespread that it foments the next crisis," Mr. Holder said.

Mr. Holder suggested the Firrea whistleblower provision should look more like the False Claims Act, a law that aims to sniff out fraud against the government by offering as much as 25% or 30% of the amount recovered. The 2010 Dodd-Frank Act gave the Securities and Exchange Commission a similar provision that rewards corporate whistleblowers with up to 30% of a successful settlement amount. The SEC paid out more than \$14 million to whistleblowers under the program last year.

Justice Department officials were unable on Wednesday to identify any Firrea whistleblower awards made to date, even under the current cap. Former Justice Department lawyer Andrew Schilling, now at BuckleySandler LLP, where he specializes in False Claims Act and Firrea cases, said he was unaware of the government having ever announced a whistleblower payout in a case based solely on Firrea law claims.

The Firrea law "was used very rarely and in very small cases on and off since 1989, and it wasn't until 2010 that the U.S. attorney's office in New York started bringing cases with Firrea claims in them, and then it sort of took off," Mr. Schilling said.

In the past year, Firrea investigations were used to strike record-setting settlements with J.P. Morgan Chase & Co., Citigroup Inc., and Bank of America Corp. for billions of dollars.

Mr. Schilling said the attorney general's proposal "raises the question whether the Firrea bounties are too low or whether those others are too high. A lot of people would say you don't need a \$500 million reward to incentivize someone to come forward. You'd have to worry about the credibility of a whistleblower who would come forward only if they're offered \$50 million."

Wells Fargo CEO [John Stumpf](#), speaking at an unrelated event in Washington, said he hadn't seen the details of the attorney general's proposal, but added: "As a fundamental view, I want to live in a law-abiding country and if there are wrongdoers they ought to be held accountable."

Mr. Holder also called for the Federal Bureau of Investigation to hire more agents to investigate white-collar crime.

While the speech aims to spell out the attorney general's views of what must be done to better pursue misconduct on Wall Street, it is unlikely he will remain in the post long enough to try to accomplish the changes he is proposing. He has signaled he may step down from the job near the end of the year, and any proposal to change Firrea or to achieve significant new hiring at the FBI isn't likely to happen that quickly.

—Victoria McGrane contributed to this article.

**Write to** Devlin Barrett at [devlin.barrett@wsj.com](mailto:devlin.barrett@wsj.com)

---

Copyright 2014 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)