

IRS Whistleblower Receives \$15.1 Million Award for Exposing Sophisticated Tax Evasion Scheme

Article By:

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On November 29, whistleblower attorneys Stephen M. Kohn and Dean Zerbe announced that a joint client – who wishes to remain anonymous – received an IRS whistleblower award of \$15.1 million. The whistleblower provided the IRS with information that led to an enforcement action against 109 high-wealth individuals who had engaged in a sophisticated illegal tax evasion scheme — resulting in over \$71 million dollars being returned to the U.S. Treasury.

“Today’s award serves to reinforce that the IRS Whistleblower Program is critical in going after wealthy individuals who are evading tax. The IRS would have struggled significantly in bringing an enforcement action against these tax cheats but for the good work of the whistleblower,” said Zerbe of the law firm of Zerbe, Miller, Fingeret, Frank & Jadav.

“We and the whistleblower very much want to thank the Director of the IRS Whistleblower Office, Mr. John Hinman for his leadership as well as Ms. Dawn Applebaum, Ms. Rebecca Paley and their entire Whistleblower Office Staff for their diligent and dedicated professionalism in making this award happen,” continued Zerbe. “We also greatly appreciate IRS Commissioner Werfel’s strong support of the whistleblower program. Finally, Steve and I are honored to

represent the whistleblower whose commitment to justice and exposing tax evasion made this all happen.”

“This award underscores how vital it is for the government to reward tax whistleblowers if the IRS is going to have success in going after wealthy tax cheats,” said Kohn of Kohn, Kohn and Colapinto. “As I’ve seen in my work representing whistleblowers – you have to reward whistleblowers if you want good, knowledgeable information about violations of the law, and especially in the case of tax. Those engaged in tax evasion are purposefully seeking to hide their activities. The best way to expose and uncover tax evasion is by encouraging whistleblowers to come forward.”

Kohn and Zerbe – both members of the [Tax Whistleblower Attorney Group](#) – have successfully jointly represented a number of tax whistleblowers who have received hundreds of millions of dollars in awards – including Brad Birkenfeld, the UBS whistleblower who received an award of \$104 million from the IRS in 2012. In addition, they successfully represented the whistleblower in the landmark Tax Court case of Whistleblower 21276-13W v. IRS (147 TC 121-2016) which resulted in a major win for tax whistleblowers with the expansion of the definition of “collected proceeds” to include criminal fines and civil forfeitures for whistleblower awards.

Modernized in 2006, the IRS Whistleblower Program offers monetary awards to whistleblowers who voluntarily provide original information about large-scale tax violations. The program has allowed the U.S. to recover over \$6.6 billion from wealthy tax cheats and corporations non-compliant with tax law.

“As Congress looks to do more to go after wealthy tax cheats, a top priority must be to pass the bicameral and bipartisan [IRS Whistleblower Program Improvement Act of 2023](#) – sponsored by Chairman Wyden (D-OR) and Senator Grassley (R-IA) in the Senate and Congressman Thompson (D-CA) and Kelly (R-PA) in the

House. The bill has important reforms – such as strengthening the rights of whistleblowers in Tax Court as well as encouraging the IRS to make timely awards – that will go far in making a good program even better,” added Kohn.

“While Congress should make much-needed legislative changes to improve the program, it is heartening that the IRS and Treasury are actively considering and implementing reforms to strengthen the whistleblower program. Any efforts to speed up awards, expand partial awards and improve communication with whistleblowers will be most welcome,” said Zerbe.

“In addition, as outlined in the [National Whistleblower Center’s letter to Congress on July 25, 2023](#) about possible reforms to the whistleblower program – the IRS and Treasury should give serious consideration to expanding the basis for providing whistleblowers awards. Too often the IRS is receiving information from whistleblowers that is of value that provides meaningful assistance to the IRS – but are being denied an award because of narrow readings of the statute,” Zerbe continued.

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