

# DOJ Looks to Incentivize Whistleblowers with New Pilot Program

Article By:

Robyn N. Burrows

---

On March 7, 2024, Deputy Attorney General Lisa Monaco [announced](#) that the Department of Justice (“DOJ”) is designing and launching a pilot program to pay monetary rewards to whistleblowers who report significant corporate or financial misconduct. The pilot program, which will roll out later this year, is intended to encourage individuals to report misconduct and for companies to further invest in their internal compliance and reporting systems.

Several agencies have already established similar programs that reward whistleblowers financially, including the [U.S. Securities & Exchange Commission](#) (“SEC”) and the [Commodities Futures Trading Commission](#) (“CFTC”). Those programs, however, are limited in scope to each agency, resulting in what Monaco referred to as a “patchwork quilt” that does not address the full range of corporate and financial misconduct. The new pilot program is intended to fill these gaps.

## Key Aspects of Pilot Program

Over the next 90 days, DOJ will be engaging in a “policy sprint” to gather information, consult with stakeholders, and design the pilot program. DOJ’s Money Laundering and Asset Recovery Section (“MLARS”) will lead the development and administration of the program.

The program’s core concepts will include the following:

- **Award Thresholds:** DOJ expects to establish a monetary threshold to focus its resources on the most significant cases. Both the SEC and CFTC whistleblower programs limit rewards to cases in which the agency orders sanctions of one million dollars or more. DOJ may end up adopting a similar threshold.
- **Victim Compensation:** Whistleblowers will only receive payment after all victims have been compensated.
- **“First in the Door”:** Eligibility is limited to whistleblowers who provide truthful information not already known to the government. The information cannot be in response to any government inquiry, pre-existing reporting obligation, or imminent threat of disclosure. As Monaco emphasized, “you have to tell us something we didn’t already know.”
- **No Criminal Involvement:** Whistleblowers cannot be involved in the criminal activity itself.
- **No Existing Incentive Programs:** The program applies only in cases where there is no

existing disclosure incentive, including *qui tam* provisions of the False Claims Act or another federal whistleblower program.

## **Enforcement Priorities**

Although DOJ seeks information about any violation of federal law, Monaco clarified that the government is primarily interested in:

- Criminal abuses of the U.S. financial system;
- Foreign corruption cases outside the SEC's jurisdiction; and
- Domestic corruption cases, especially involving illegal corporate payments to government officials.

## **What to Expect from the Pilot Program?**

### ***Increase in voluntary disclosures***

- The new whistleblower program builds on DOJ's prior efforts to strengthen corporate enforcement by encouraging [voluntary disclosures](#). With the new pilot program offering monetary rewards to those "first in the door," companies assessing whether to self-report potential misconduct must consider whether a whistleblower might get to DOJ first (thereby preventing the company from reaping the benefits of a voluntary disclosure). This may encourage companies to self-report misconduct earlier and more often. As Monaco stated, "[O]ur message to whistleblowers is clear: the Department of Justice wants to hear from you. And to those considering a voluntary self-disclosure, our message is equally clear: knock on our door before we knock on yours."

### ***More referrals to DOJ—and potentially fewer internal whistleblower reports***

- With the prospect of potentially significant financial rewards, we can expect more employees to report wrongdoing directly to DOJ, rather than going through corporate whistleblower channels. Companies should therefore ensure employees are aware of and have easy access to whistleblower hotlines to encourage internal reporting.

### ***Focus on non-public companies***

- One of the "gaps" DOJ seeks to fill with the whistleblower program is to target foreign corruption cases outside the jurisdiction of the SEC, which already has its own whistleblower program. Thus, DOJ is likely to focus on suspected violations by non-public corporations.