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Whistleblowers

Senior Execs Worried Whistleblower Claims Will Increase in Next Year, Survey Reveals

A recent survey of senior executives showed that 96 percent of them are at least moderately concerned about potential whistleblower claims against their companies, with a majority expecting to see an increase in claims in the next year or two.

Little Mendelson PC, a U.S.-based law firm that represents management in employment and labor law matters, released the survey results Nov. 14, showing that 27 percent of respondents were very concerned about whistleblowing and 69 percent were moderately concerned.

“The level of concern is likely to rise in the coming months as companies continue to adapt to the new regulatory environment” created by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Gregory Keating, a shareholder in Little’s Boston office, said in a Nov. 14 news release.

The *Little Mendelson Whistleblower Survey*, conducted in October 2011, was completed by 51 senior legal, compliance and human-resources executives at publicly traded or highly regulated companies. Sixty percent of respondents were from S&P 500 companies, and 92 percent indicated their companies were based in the United States.

No Increase in Tips Reported. Dodd-Frank established the SEC Office of the Whistleblower in August. The office grants financial awards to qualified individuals who present original information to the Securities and Exchange Commission resulting in penalties and other sanctions totaling \$1 million or more (9 CARE 985, 8/19/11).

SEC Enforcement Division Associate Director Stephen L. Cohen Nov. 3 said at an event sponsored by the New York City Bar Association that while the quantity of tips since Dodd-Frank enactment has not increased significantly their quality has improved (9 CARE 1325, 11/11/11).

Though there may not be an increase in the number of tips, survey respondents anticipate an increase in claims as the program develops, the report said.

The survey found that 45 percent of respondents indicated that their companies had already experienced a whistleblower claim in the last 12 to 24 months, and 67 percent anticipate whistleblower claims to increase within the next year or two.

Sixty-five percent indicated that their companies are only moderately prepared to handle whistleblower claims, and only 54 percent were confident that executives in their organizations understand unlawful retaliation concepts and know not to engage in such conduct, the survey found.

Other findings include:

- 84 percent of respondents indicated their companies have taken preventative steps to protect against unlawful retaliation claims,
- 59 percent are either conducting training in the next 12 months or plan to take such steps, and
- 51 percent were concerned that provisions within Dodd-Frank could undermine their existing compliance programs.

By CHE ODOM

The survey results are available at <http://littler.prod.acquia-sites.com/files/press/related-files/Littler-Whistleblower-Survey-Nov-2011.pdf>.