

Money Laundering and Whistleblowers:
***Why whistleblowers are key in the
detection of money laundering***



Stephen Kohn,
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Howard Wilkinson: Danske Bank whistleblower who uncovered a \$230 billion scheme in suspicious activity and money laundering



"[A]ll control functions (or lines of defence) had failed, both within the branch and at Group level. This included business functions as well as Group Compliance & AML and Group Internal Audit."

- [Report on the Non-Resident Portfolio at Danske Bank's Estonian Branch](#) by Bruun & Hjejle, Sept. 2018



“Whistleblowers, whether they are located in the U.S. or abroad, provide a valuable service to investors and help us stop wrongdoing... This award recognizes the continued, important assistance provided by the whistleblower throughout the course of the investigation.”

— Jane Norberg, Chief of the Office of the Whistleblower, Securities and Exchange Commission, [Press Release](#) on award to overseas whistleblower



The Problem Facing Fraud Detection

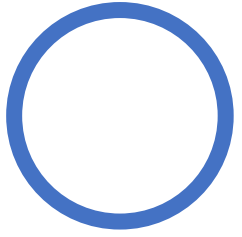
“Honest behavior is not rewarded . . . Given [the] costs [of whistleblowing] the surprising part is not that most employees do not talk, it is that some talk at all.”

— Alexander Dyck, et al., [“Who Blows the Whistle on Corporate Fraud?”](#) The University of Chicago Booth School of Business Working Paper No. 08-22 (2009).



“Going after waste, fraud, and abuse without whistleblowers is about as useful as harvesting acres of corn with a pair of rusty old scissors”

— Senator Charles Grassley, Chairman of Senate Judiciary Committee, speech given on National Whistleblower Day (July 30, 2018) --- Watch the [Video](#) --- Read the [Speech](#)



The Framework for qui tam and Reward Laws

Law promotes the confidential or anonymous reporting of “original information” necessary to find a wrongdoer guilty of fraud or misconduct and trigger significant fines.

Emphasis is on the quality of the information, not on a whistleblower’s employment discrimination case.

Whistleblowers who provide original information that leads to a successful enforcement action are entitled to a **mandatory reward** under the modern reward laws of between 10-30% of the collected proceeds triggered by their disclosures.

Rewards available under the [False Claims Act](#), [Dodd-Frank Act](#), [Tax and Money Laundering](#), [Foreign Corrupt Practices Act](#), [Securities and Exchange Act](#) and [Commodity Exchange Act](#).

LAWS AT PLAY

Foreign Corrupt
Practices Act

IRS
Whistleblower
Law

False Claims
Act

Commodities and
Securities Laws

Anti-Money
Laundering

Read the Original Sources

Reward Laws with International Application

- False Claims Act | [31 U.S.C. § 3729-3732](#)
- Internal Revenue Code | [26 U.S.C. § 7623](#)
- Securities Exchange Act | [15 U.S.C. § 78u-6](#)
- Commodity Exchange Act | [7 U.S.C. § 26](#)
- AML Whistleblower Law, [31 U.S.C. § 5323](#)
- Foreign Corrupt Practices Act | [15 U.S.C. § 78m](#)



International Cases Under the Commodity Exchange Act Published by the CFTC as Eligible for Whistleblower Rewards

- [Société General](#) (French) — \$2.5 million sanction
- [Commerzank AG](#) (German) — \$12 million sanction
- [Statoil ASA](#) (Norway) — \$4 million
- [JSC VTB Banks](#) (Russia) — \$5 million
- [Weidong Ge](#) (China) — \$1.5 million

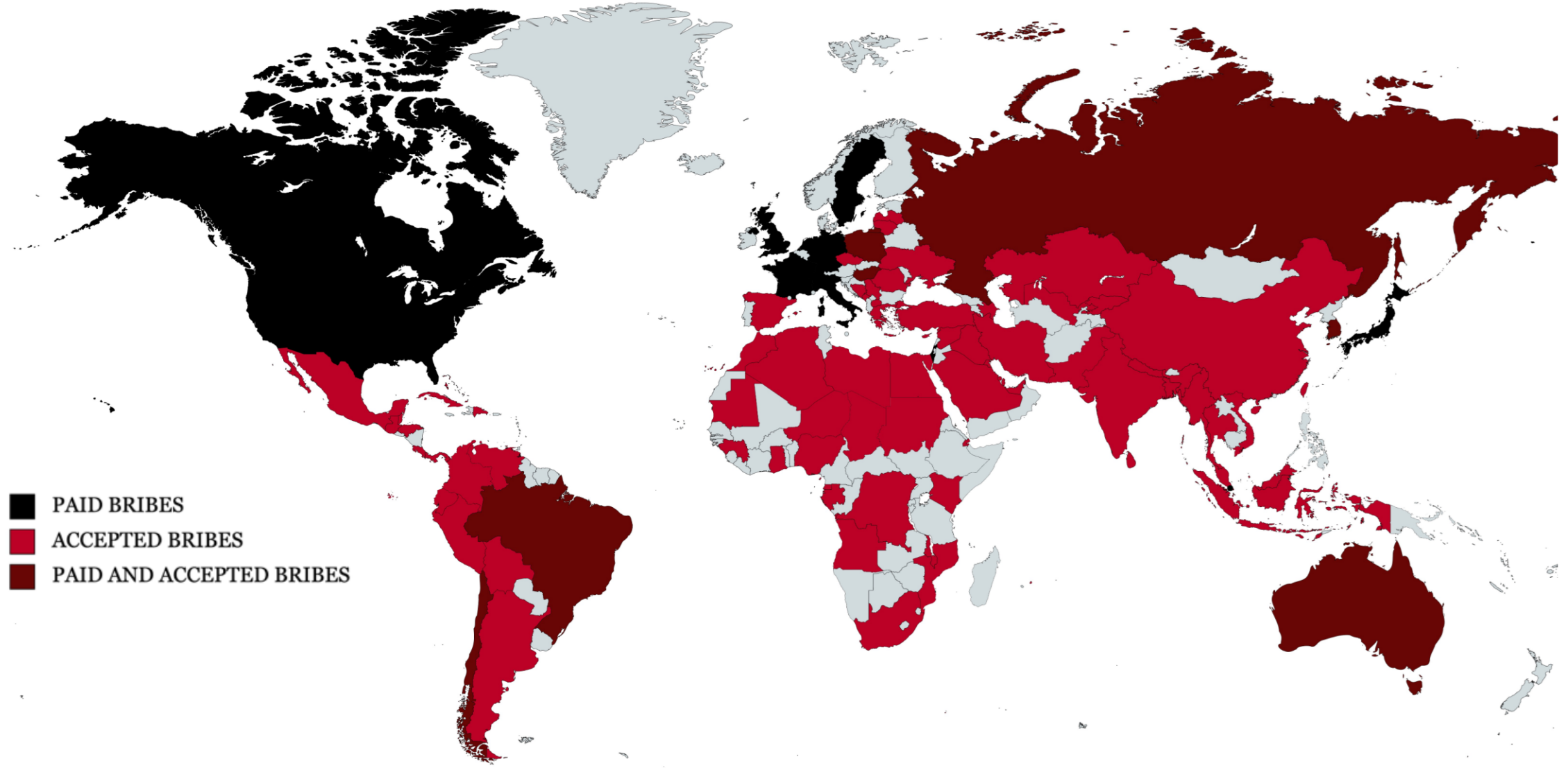


Foreign Corrupt Practices Act (FCPA)

- Since 2011, 4,538 whistleblowers from 129 countries outside the U.S. have filed claims under the Foreign Corrupt Practices Act whistleblower reward provision.
- Millions of dollars have been paid to non-U.S. citizens who reported bribes paid overseas.

The FCPA is often known as the law used to prosecute bribes paid abroad.

Countries Where Government Officials Paid and Accepted Foreign Bribes, Confirmed in FCPA Prosecutions (2010-2021)



Sources

[SEC Press Releases of FCPA Cases](#)

[DOJ Press Releases of FCPA Cases](#)

[The OECD Anti-Bribery Phase 4 Report of the US](#)



IRS Whistleblower Law

- Tax whistleblowers were paid \$778 million in awards between [FY 2012 to FY 2018](#).
- Whistleblowers were the critical source of information on [policing offshore Swiss banking violations](#).
- Every known U.S. secret Swiss bank account was closed. Over \$16 billion was directly recovered in fines and penalties. 50,000 U.S. taxpayers entered the voluntary disclosure program.





International Application of IRS Whistleblower Law

NON-PROSECUTION AGREEMENTS EXECUTED UNDER THE SWISS BANK PROGRAM

NUMBER	BANK NAME	DATE	PRESS RELEASE	NPA and Attachments
1	BSI SA	3/30/15	Press Release	NPA and SOF (176.16 KB) Statement of Facts (209.47 KB) Board Resolution (64.37 KB)
2	Vadian Bank AG	5/8/15	Press Release	NPA and SOF (406.6 KB)
3	Finter Bank Zurich	5/15/15	Press Release	NPA and SOF (24.14 MB)
4	Société Générale Private Banking (Lugano-Svizzera)	5/28/15	Press Release	NPA and SOF (403.13 KB)
5	MediBank AG	5/28/15	Press Release	NPA and SOF (315.33 KB)
6	LBBW (Schweiz) AG	5/28/15	Press Release	NPA and SOF (338.89 KB)
7	Scobag Privatbank AG	5/28/15	Press Release	NPA and SOF (396.38 KB)
8	Rothschild Bank AG	6/3/15	Press Release	NPA and SOF (444.58 KB)
9	Banca Credinvest SA	6/3/15	Press Release	NPA and SOF (506.47 KB)
10	Société Générale Private Banking (Suisse) SA	6/9/15	Press Release	NPA and SOF (433.58 KB)
11	Berner Kantonalbank AG	6/9/15	Press Release	NPA and SOF (411.23 KB)
12	Bank Linth LLB AG	6/19/15	Press Release	NPA and SOF (566.31 KB)
13	Bank Sparhafen Zurich AG	6/19/15	Press Release	NPA and SOF (439.96 KB)
14	Ersparniskasse Schaffhausen AG	6/26/15	Press Release	NPA and SOF (3.16 MB)
15	Privatbank Von Graffenried AG	7/2/15	Press Release	NPA and SOF (5.13 MB)



16	Banque Pasche SA	7/9/15	Press Release	NPA and SOF (4.05 MB)
17	ARVEST Privatbank AG	7/9/15	Press Release	NPA and SOF (3.84 MB)
18	Mercantil Bank (Schweiz) AG	7/16/15	Press Release	NPA and SOF (336.05 KB)
19	Banque Cantonale Neuchâteloise	7/16/15	Press Release	NPA and SOF (353.24 KB)
20	Nidwaldner Kantonalbank	7/16/15	Press Release	NPA and SOF (383.84 KB)
21	SB Saanen Bank AG	7/23/15	Press Release	NPA and SOF (4.14 MB)
22	Privatbank Bellerive AG	7/23/15	Press Release	NPA and SOF (3.19 MB)
23	PKB Privatbank AG	7/30/15	Press Release	NPA and SOF (3.19 MB)
24	Falcon Private Bank AG	7/30/15	Press Release	NPA and SOF (3.97 MB)
25	Credito Privato Commerciale in liquidazione SA	7/30/15	Press Release	NPA and SOF (2.24 MB)
26	Bank EKI Genossenschaft	8/3/15	Press Release	NPA and SOF (5.59 MB)
27	Privatbank Reichmuth & Co.	8/6/15	Press Release	NPA and SOF (3.49 MB)
28	Banque Cantonale du Jura SA	8/6/15	Press Release	NPA and SOF (4.57 MB)
29	Banca Interbiliare di Investimenti e Gestioni (Suisse) SA	8/6/15	Press Release	NPA and SOF (3.62 MB)
30	Bank Zweiplus Ag	8/20/15	Press Release	NPA and SOF (3.37 MB)
31	Banca dello Stato del Cantone Ticino	8/20/15	Press Release	NPA and SOF (3.88 MB)
32	Hypothekarbank Lenzburg AG	8/27/15	Press Release	NPA and SOF (392.71 KB)
33	Schroder & Co. Bank AG	9/3/15	Press Release	NPA and SOF (4.04 MB)
34	Valiant Bank AG	9/10/15	Press Release	NPA and SOF (13.3 MB)
35	Bank La Roche & Co AG	9/15/15	Press Release	NPA and SOF (344.31 KB)
36	St. Galler Kantonalbank AG	9/17/15	Press Release	NPA and SOF (1.49 MB)
37	E. Gutzwiller & Cie, Banquiers	9/17/15	Press Release	NPA and SOF (2.28 MB)
38	Migros Bank AG	9/25/15	Press Release	NPA and SOF (503.35 KB)
39	Graubündner Kantonalbank	9/25/15	Press Release	NPA and SOF (390.52 KB)
40	BHF-Bank (Schweiz) AG	10/1/15	Press Release	NPA and SOF (2.44 MB)
41	Schaffhauser Kantonalbank	10/8/15	Press Release	NPA and SOF (897.82 KB)
42	BBVA Suiza S.A.	10/16/15	Press Release	NPA and SOF (2.74 MB)
43	Piguet Galland & Cie SA	10/23/15	Press Release	NPA and SOF (2.79 MB)
44	Luzerner Kantonalbank AG	10/29/15	Press Release	NPA and SOF (391.78 KB)
45	Habib Bank AG Zurich (HBZ)	10/29/15	Press Release	NPA and SOF (509.23 KB)
46	Banque Heritage S.A.	10/29/15	Press Release	NPA and SOF (352.61 KB)
47	Hyposwiss Private Bank Genève S.A.	10/29/15	Press Release	NPA and SOF (425.12 KB)
48	Banque Bonhôte & Cie SA	11/3/15	Press Release	NPA and SOF (368.33 KB)

49	Banque Internationale à Luxembourg (Suisse) SA	11/12/15	Press Release	NPA and SOF (400.06 KB)
50	Zuger Kantonalbank	11/12/15	Press Release	NPA and SOF (382.13 KB)
51	Standard Chartered Bank (Switzerland) SA	11/13/15	Press Release	NPA and SOF (472.58 KB)
52	Maerki Baumann & Co. AG	11/17/15	Press Release	NPA and SOF (460.31 KB)
53	BNP Paribas (Suisse) SA	11/19/15	Press Release	NPA and SOF (497.99 KB)
54	KBL (Switzerland) Ltd.	11/19/15	Press Release	NPA and SOF (469.25 KB)
55	Bank CIC	11/19/15	Press Release	NPA and SOF (388.06 KB)
56	Privatbank IHAG Zürich AG	11/24/15	Press Release	NPA and SOF (464.83 KB)
57	Deutsche Bank (Suisse) SA	11/24/15	Press Release	NPA and SOF (431.79 KB)
58	EFG Bank European Financial Group SA, Geneva, and EFG Bank AG	12/3/15	Press Release	NPA and SOF (588.89 KB)
59	Aargauische Kantonalbank	12/8/15	Press Release	NPA and SOF (468.96 KB)
60	Cornèr Banca SA	12/10/15	Press Release	NPA and SOF (446.77 KB)
61	Bank Coop AG	12/10/15	Press Release	NPA and SOF (404.48 KB)
62	Crédit Agricole (Suisse) SA	12/15/15	Press Release	NPA and SOF (454.09 KB)
63	Dreyfus Sons & Co Ltd, Banquiers	12/15/15	Press Release	NPA and SOF (512.32 KB)
64	Baumann & Cie, Banquiers	12/15/15	Press Release	NPA and SOF (453.32 KB)
65	Bordier & Cie Switzerland	12/17/15	Press Release	NPA and SOF (394.78 KB)
66	PBZ Verwaltungs AG	12/17/15	Press Release	NPA and SOF (582.22 KB)
67	PostFinance AG	12/17/15	Press Release	NPA and SOF (385.3 KB)
68	Edmond de Rothschild (Suisse) SA and Edmond de Rothschild (Lugano) SA	12/18/15	Press Release	NPA and SOF (480.3 KB)
69	Bank J. Safra Sarasin AG	12/23/15	Press Release	NPA and SOF (447.66 KB)
70	Coutts & Co Ltd	12/23/15	Press Release	NPA and SOF (460.87 KB)
71	Gonet & Cie	12/23/15	Press Release	NPA and SOF (372.35 KB)
72	Banque Cantonal du Valais	12/23/15	Press Release	NPA and SOF (481.25 KB)
73	Banque Cantonale Vaudoise	12/23/15	Press Release	NPA and SOF (392.63 KB)
74	Bank Lombard Odier & Co Ltd	12/31/15	Press Release	NPA and SOF
75	DZ Privatbank (Schweiz) AG	12/31/15	Press Release	NPA and SOF
76	Union Bancaire Privée, UBP SA	1/6/16	Press Release	NPA and SOF (495.2 KB)
77	Leodan Privatbank AG	1/20/16	Press Release	NPA and SOF (496.86 KB)
78	HSZH Verwaltungs AG	1/27/16	Press Release	NPA and SOF (756.21 KB)
79	NPB Neue Privat Bank	7/18/18	Press Release	NPB Executed Signed Resolution Statement of Facts
80	Mirelis Holding	7/24/18	Press Release	NPA and SOF
81	Lombard Odier	7/31/18	Press Release	NPA Addendum



FILE CONFIDENTIAL WHISTLEBLOWER CLAIMS UNDER CURRENT LAWS

- [FCPA](#): Foreign Bribery
- [FCA](#): Government Tenders
- [IRS](#): Money Laundering/Illegal Banking and Tax Evasion
- [AML Act](#): Money Laundering
- [Commodity Exchange Act](#): Money Laundering, Bank Fraud, Corruption Corruption
- *Securities and Exchange Act*: Money Laundering, Bank Fraud, Corruption Corruption

File Confidentially (attorney-client protected) intake form at:
<https://kkc.com/contact-us>

For questions, email: contact@kkc.com

What is a
Whistleblower

Confidentiality

Whistleblowing
Works

International
Corruption

FAQs and Resources

Foreign
Corrupt
Practices Act

Money
Laundering

Offshore Tax
Evasion

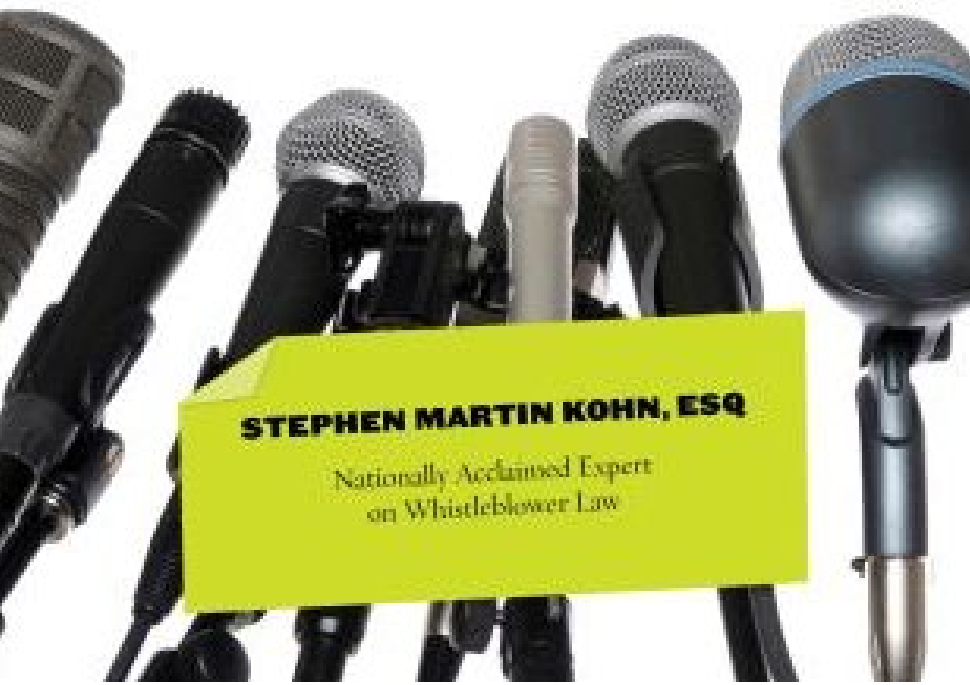
Reward Laws

FAQs and Resources (Continued)

Updated with new information on rewards,
wildlife trafficking, and Wall Street whistleblowing

THE NEW Whistleblower's HANDBOOK

**A Step-by-Step Guide to Doing
What's Right and Protecting Yourself**



“You may want to add this book to your... wish list. Just don’t let your boss catch you reading it.”

–Wall Street Journal

Links to the legal authorities including statutes, regulations, and cases relied upon in The Handbook can be found [online](#), including:

- New Legal Tools: [Rule 1](#)
- False Claims Act / Qui Tam: [Rule 6](#)
- Tax Whistleblowers: [Rule 7](#)
- Foreign Corrupt Practices Act: [Rule 9](#)
- Non-Disclosure Agreements: [Rule 28](#)
- International Whistleblowing: [International Toolkit](#)



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[Stephen M. Kohn](#), is widely recognized as the leading international authority on whistleblower law. He has represented whistleblowers since 1984, and currently represents whistleblowers in Africa, Europe, Asia and North and South America, including the whistleblower who reported the largest money [laundering scheme](#) in history (\$240 billion laundered from Russia/former Soviet Union to New York banks). He obtained the [largest reward ever paid](#) to an individual whistleblower who exposed illegal offshore accounts (\$104 million) and was the program manager of the USAID sponsored Crime Tech Challenge (Grand Prize winner) Mr. Kohn is and Adjunct Professor at the Northeastern University School of Law and the most published author on whistleblower law, including [The New Whistleblower's Handbook: A Step-by-Step Guide to Doing What's Right and Protecting Yourself](#).

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