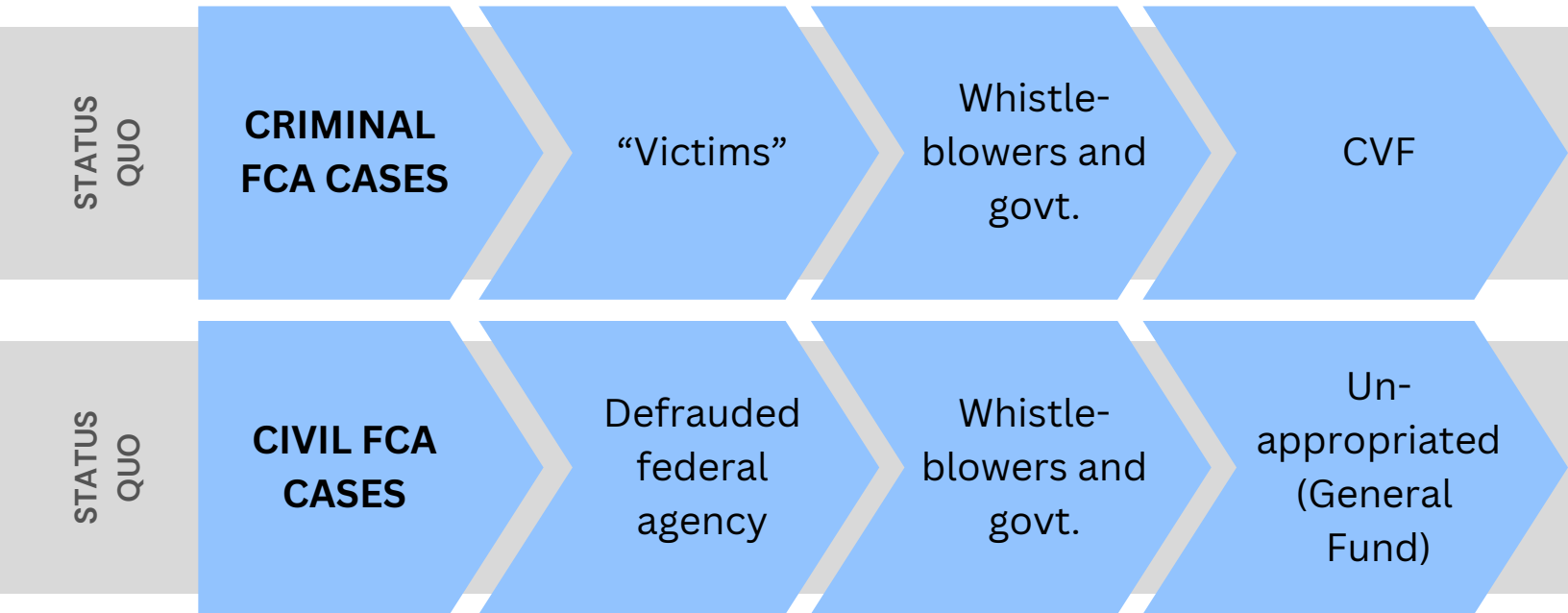
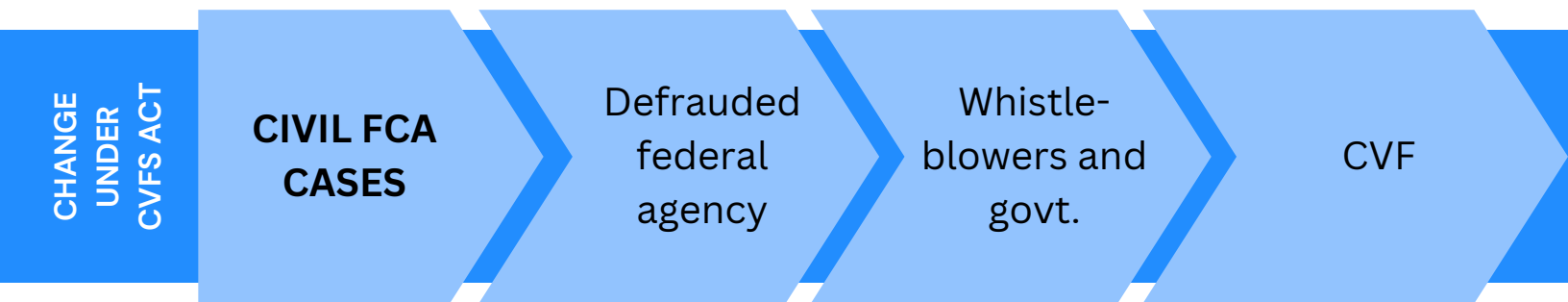


# WHISTLEBLOWER PERSPECTIVE RE: THE CRIME VICTIMS FUND STABILIZATION ACT



**\*No change to the order of criminal FCA cases under the CVF Stabilization Act.**

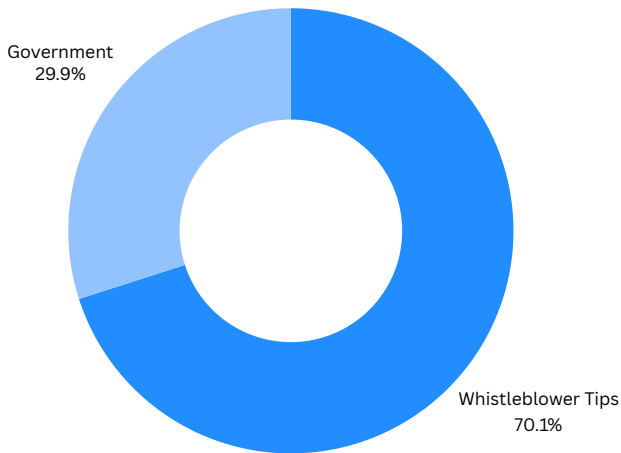


## Concerns from the Whistleblower Community

- Already, whistleblowers + their attorneys are disincentivized from filing criminal FCA cases due to how long it takes for whistleblowers to be paid their full award (if ever). THIS is partly why the CVF is under-funded. A reduction in FCA whistleblowers --> reduction in criminal FCA prosecutions by the DOJ since whistleblowers are vital source of this information --> less money from large financial fraud cases available for CVF.
- The DOJ currently low-balls whistleblowers in both civil and criminal FCA cases. Other agencies, like the SEC, CFTC, and IRS, have recognized that awarding whistleblowers *as high of a percentage as possible* ultimately brings *more* money for the agency because it incentivizes more whistleblowers to come forward with valuable information.
- We fear that designating recoveries of civil FCA cases to the CVF (after WBs are compensated) will give the DOJ extra incentive to low-ball civil FCA whistleblowers --> which would deter FCA whistleblowers from filing civil claims --> undermining the most successful anti-corruption program in U.S. history --> and ultimately minimizing the money available for the CVF



### RECOVERIES UNDER FCA 1987-2023



In FY 2023, qui tam cases accounted for **\$2.3 billion** of the **\$2.68 billion** in False Claims Act settlements and judgments reported by the Department of Justice. **That's 85%.**

### LARGE REWARDS WORK

*SEC Determination in Rulemaking Rule 21F-6(d): "large awards directly [advance] the purpose of the whistleblower program (and by extension the interests of the investing public) by incentivizing whistleblowers to report violations [of the securities laws] to the Commission."*

"The Importance of Rewards," NWC, [www.whistleblowers.org/the-importance-of-rewards/](http://www.whistleblowers.org/the-importance-of-rewards/)

"Why Rewards Work," The Whistleblower Law Library, <https://kkc.com/law-library/conclusion/>.

# 1

Fix the fundamental problems with 18 U.S. Code § 3663 (Order of restitution), which states that all victims of a crime must be paid before the US government –and therefore whistleblowers. Also, fix fundamental problem with the 34 U.S. Code § 20107, seq. (Crime Victims Fund), which uses a narrow definition of victim, see 34 USC 20102(b), and creates carveouts, see 34 USC 20101(b)(1).

# 2

If moving forward with the amendment, **set aside 30% of the sanction for the relator's share** (full potential amount to remunerate qui tam plaintiff). This way, the DOJ is not provided an extra incentive to low-ball whistleblowers for the sake of the CVF.

# 3

If moving forward with the amendment, **designate an additional 10% of the sanction for enforcement** of both civil and criminal FCA cases. Right now, there are a lot of good cases, which aren't being pursued, which means that those potential recoveries are not going into the CVF. The way to fix the funding of CVF is to increase DOJ enforcement of large fraud cases.