

Are you a stockbroker, accountant, or financial professional concerned you've witnessed illegal activity?

Do you want to report the problem but fear endangering your job, collegial relationships or future career?

You can confidentially disclose fraud to authorities.

Nearly everyone in the world is affected by the shortcomings of the financial industry. Fraud involving securities—tradable financial assets like stocks, bonds, and derivatives—can cause crises that trickle down to people’s paychecks and pensions.

One such event, the global financial crisis of 2008, led to the creation of one of the world’s strongest laws protecting people who blow the whistle on financial crimes: the 2010 Wall Street Reform and Consumer Protection Act.

This law, known as Dodd–Frank, **permits anyone with original information about securities-related crimes to confidentially disclose such information** to U.S. law enforcement authorities and gain protection against retaliation. You’re covered if the company does business in the U.S., even if the wrongdoing didn’t occur in the U.S., if the company isn’t U.S.–based or if you aren’t a U.S. citizen. **You could also be eligible for awards of up to 30 percent of any penalties imposed as a result of your reporting.**

Here is some practical guidance to help you decide if what you’re witnessing is fraud, and if so, how you can do the right thing while keeping yourself safe.

#1: Learn to recognize fraud

Much of the behavior prohibited by federal securities and commodities laws involves fraudulent disclosure of financial information in annual filings to investors and the government. Some examples of potentially fraudulent actions include:

- *Hiding negative information about a company from investors*
- *Manipulating accounting figures to mislead investors or regulator*
- *Insider trading, or trading based on information that is not available to the public*
- *“Pump and dump” schemes to buy large numbers of a stock to inflate its value before selling*

#2: Avoid reporting internally

Turning to a supervisor, compliance department or company hotline may seem like the logical first step to reporting fraud, but **such channels can be dangerous for whistleblowers**. Though they may promise confidentiality, identities of employees are often easily identifiable. While publicly traded companies are required by law to have internal hotlines, they are not required to convey the complaint to the government. **Remember: internal reporting channels exist to benefit the company, not the whistleblower.**

#3: Contact an attorney

Whistleblowers reporting securities and commodities fraud can report confidentially, but the **advice of a legal professional is crucial to navigating the procedural requirements** of whistleblower laws. You should always seek out a qualified whistleblowers attorney. These attorneys will represent you with no upfront cost, and you will only be obligated to pay the attorney’s fee if you receive a reward from the government.

The National Whistleblower Center is a nonpartisan, nonprofit organization dedicated to supporting whistleblowers in their efforts to expose and help prosecute corruption and other wrongdoing. We do this by educating whistleblowers about their rights under law, assisting in finding them legal aid, and providing support during high-impact whistleblower litigation. To learn more about NWC’s Legal Assistance Program and how we assist whistleblowers, please visit our website at <https://www.whistleblowers.org/>.