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# Weighing risks against rewards in whistle-blowing

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KARACHI: The Competition Commission of Pakistan (CCP) has announced reward ranging from Rs200,000 to Rs2 million to 'informers' who would whisper in the ears of the CCP about 'prohibited activities of a company, including involvement in anti-competition practices and cartelisation'.

The initiative has been taken under the Competition (Reward Payment to Informers) Regulations, 2014. But going through the information that has come to light, the process looks to be long drawn out and the 'informer' is unlikely to remain anonymous, when going through the several stages of informing on phone, liaison with a CCP officer and a meeting with the designated official.

Besides, the award would be calculated on the base of 'accuracy, usefulness and effectiveness of the information', the CCP has pointed out.

An outsider may take his chances, but an employee in the company would scarcely offer himself to be inevitably kicked out by the employer and labelled as traitor. Besides, 'informer' has

slightly negative connotations to the more respectable word, often in use 'the whistle-blower'.

The role of the whistle-blower assumed significance after 2001 when an accountant named Sherron Watkins in US tried, early that year, to warn the chairman Ken Lay of Enron Corporation, then the nation's seventh largest company about "an elaborate accounting hoax" that threatened the viability of the company. By November, with \$62 billion in assets Enron went bankrupt, marking it the biggest American company ever to go bankrupt.

The fall of Enron was just the beginning as several other giants started to collapse one after the other, shaking the public faith on the role of external auditors and stirring one of the biggest financial crisis in corporate America.

In Pakistan, major multinational and local big companies do have their own 'whistle-blowing policies' that offer rewards and assure safeguarding the whistle-blowers' interests.

Yet in all these 12 years (since the Enron debacle) no case of substance has come to light, where a whistle-blower may have saved the company or the tax department of losses.

One reason could be that the risk outweigh the

rewards the risk of loss of job and the fear of retaliation by senior company executives.

An accountant pointed out that the Internal Revenue Service (IRS) in US rewards whistle-blowers with a percentage of the tax money and penalties recovered with the information provided: The Tax Relief and Health Care Act of 2006 pays whistle-blowers up to 30pc of any tax revenue recouped by the IRS as a result of a whistle-blower's information.

In September 2012, the IRS Whistle-blower Office awarded an American banker Bradley Birkenfeld \$104 million for his revelations that the Swiss bank UBS abetted tax evasion by 18,000 American clients. The award was the largest whistle-blower payout in history, to either an individual or a group.

"The SECP does not pursue a policy of rewarding whistle-blowing", Imtiaz Haider, Commissioner at the chief regulatory body told Dawn. He said that the Enforcement and other division of the Commission kept an eye on the corporate sector. The audited accounts of companies were carefully scanned and discrepancies were thoroughly probed. The feedback or information from the general public was however given due consideration.