

**From:** Stephen Kohn  
**Sent:** Thursday, August 18, 2022 10:38 AM  
**To:** [Jack Rayburn]  
**Cc:** [Siri Nelson]  
**Subject:** Urgent Legislative Matter - Russian Sanctions/AML

## URGENT MATTER

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Mr. Jack Rayburn  
Legislative Director  
Representative Rosa DeLauro

Dear Mr. Rayburn:

Professor Jeffrey Sonnenfeld from the Yale School of Management suggested that I contact you directly about H.R. 7195, a critically important bill pending in Congress that needs the support from Congresswomen Rosa DeLauro. The importance of the legislation for fighting Russian money laundering and sanctioning Putin's oligarchs is explained [below in an article from The Hill](#).

On behalf of the National Whistleblower Center, we would like to meet with you and explain the importance of H.R. 7195, why it needs to be quickly passed, and how the funding procedures in the bill are consistent with the rules concerning funding compensation for whistleblowers.

### Summary of Issue

We are very close to having critically needed whistleblower protections being passed by Congress targeting Russian money laundering and sanctions busting. The scope of the problem being targeted by the legislation is massive. For example, [the largest money laundering scheme in history](#) concerned Russian oligarchs, including members of President Putin's family, and the Russian secret police (the FSB), who illegally transferred over [\\$230 billion](#) from Russia and former Soviet states into the West. Under current law there are **no protections whatsoever** for the whistleblower who reported this under current sanctions laws. Because the whistleblower resides overseas, he is completely vulnerable to severe retaliation. He is not alone.

Bipartisan Members of Congress [recognizing the gapping loopholes](#) in the whistleblower laws covering money laundering and sanctions, introduced [H.R. 7195](#), sponsored by Alma Adams (D-N.C.) and Anthony Gonzalez (R-OH)] and a companion bill, [S.3316](#) sponsored by Senators Charles Grassley (R-IA), Raphael Warnock (D-GA) and Elizabeth Warren (D-MA), has no known opposition in the Senate. The House Financial Services Committee [unanimously approved](#) the bill and if it is cleared by House Appropriations it is expected to pass with unanimous or near unanimous support. The Republican leader on the Appropriations Committee raised no objection to the bill. Thus, the final hurdle is to have Representative DeLauro lift any hold she has that is preventing a floor vote.

The structure of H.R. 7195 should not be controversial. The bill is based directly on the highly effective procedures in the Dodd-Frank Act, procedures that were fully endorsed in an

independent audit by the [Organization for Economic Cooperation and Development](#), The OECD recognized that Dodd-Frank's "multi-faceted" whistleblower "protections" "provide powerful incentives for qualified whistleblowers to report foreign bribery."

Likewise, all of the government agencies that work with Dodd-Frank have highly praised the law's framework. Most recently, the [SEC's Director of Enforcement](#) explained that the Dodd-Frank whistleblower program was playing "a critical role" in helping to "effectively detect wrongdoing" and "bring violators to justice." She described whistleblower "contributions" as "invaluable." These are the precise legal protections Congress wants to put into place to combat sanctions-busting and money laundering.

We understand that the Democratic staff of the House Appropriations Committee has expressed a concern over how whistleblowers would be compensated under this bill. However, the bill simply follows the precise procedures used in all the similar highly *successful whistleblower laws*. The law creates a revolving fund that requires *no Congressional appropriations*. No start-up funding is needed, and no taxpayer monies are ever used. Instead, the bill creates a massive revenue generator for the federal treasury.

All whistleblower payments come directly from the individuals or corporations held accountable by the whistleblower. Only if a whistleblower's information directly leads to a successful prosecution, *and* the wrongdoer pays sanctions, does a whistleblower obtain a small percentage of those direct recoveries (minimum 10% payment, maximum 30% payment, at the discretion of the government). The bills create a revolving fund identical to the funds now operating to pay whistleblowers under Dodd-Frank and other laws (including the Endangered Species Act, Foreign Corrupt Practices Act, Lacey Act, and Auto Safety Act). Without the ability to guarantee payment to a whistleblower these laws completely fail. Forcing whistleblowers to rely on a Congressional appropriations process is simply a non-starter and will kill the bill.

Because no taxpayer money is ever allocated to these funds this process is lawful and predicated on a highly successful precedent. In fact, similar whistleblower or "bounty" payment-procedures have been in place since 1791 and were cited by the U.S. Supreme Court when it upheld the constitutionality of the False Claims Act (which also has a payment process independent of Congressional appropriations).

### **Request for a Meeting**

Given the urgent need to pass this legislation, we would like to opportunity to fully brief Representative DeLauro or the responsible staff members as to the importance of this legislation and how the payments afforded to whistleblowers are consistent with past-practices, other successful laws, and the rules governing appropriations. When this legislation was first introduced in the Senate, we heard similar concerns raised by the Senate Appropriations Committee. We were able to meet with the appropriate staff, explain the unique process used to compensate whistleblowers, and these concerns were all addressed. Similarly, Steve Kohn was asked to testify in Congress to address this precise issue as it related to a bill introduced by Representative Gary Palmar (R-Ala.). After explaining the history and law behind compensation

paid to whistleblowers, Representative Palmar (with full bipartisan support expressed at the Committee hearing) amended his bill to *exclude* whistleblower compensation from the Congressional appropriations process.

We would greatly appreciation a similar opportunity to explain this issue to you, the appropriate staff members or directly to Representative DeLauro.

We look forward to hearing from you soon.

Siri Nelson  
Executive Director  
National Whistleblower Center

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PS - for your convenience HR 7195 is linked here:  
<https://www.congress.gov/bill/117th-congress/house-bill/7195/actions>

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The Hill article is linked. here:

<https://thehill.com/opinion/congress-blog/3597582-congress-needs-to-pass-money-laundering-and-sanctions-busting-whistleblower-protections/>



[Congress needs to pass  
money laundering and  
sanctions-busting  
whistleblower protections](https://thehill.com/opinion/congress-blog/3597582-congress-needs-to-pass-money-laundering-and-sanctions-busting-whistleblower-protections/)

Congress is very close to passing urgently needed whistleblower protections targeting Russian money laundering and sanctions busting. Bipartisan members of Congress recognize that the gapping ...

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