

Weekly Wright Report (3/26/18)

Federal Contractor Paid Sick Leave

By [Don Walsh](#)

With all of the emphasis on Maryland's Healthy Working Families Act, some employers may have forgotten that there already exists the Federal Contractor Paid Sick Leave. The Executive Order applies to federal contractors and subcontractors of any tier on a contract which requires Davis Bacon Act or Service Contract Act wages, is a concession contract, or certain contracts in connection with federal property or lands. Regardless of the size of the employer, these employers must accrue a minimum of 1 hour of paid sick leave for every 30 hours worked on or in connection with a covered contract. Employers can cap accrual at 56 hours per year and employees can carry over any unused amount, however, paid sick leave cannot count toward any annual accrual limit.

SEC Announces Its Largest-Ever Whistleblower Awards

By [Michael Stover](#)

On March 19, 2018, the Securities and Exchange Commission ("SEC") announced the highest-ever Dodd-Frank whistleblower awards, with two whistleblowers sharing an award approximately \$50 million and a third whistleblower being awarded more than \$33 million. The previous high was a \$30 million award in 2014. The SEC whistleblower program began in 2011 and since its inception, the SEC has awarded more than

\$262 million to 53 whistleblowers. As a result of the information provided by whistleblowers the SEC has recovered more than \$1 billion in financial remedies.

The awards in this case arose from tips from three former Bank of America executives that led to a settlement between the SEC and Merrill Lynch of \$415 million. The whistleblowers provided information demonstrating that Merrill Lynch misused customer funds from 2009 to 2012 to finance its own trading. Merrill Lynch used options trades that had no economic substance, but the trades artificially reduced the amount of the customer cash the brokerage held in a reserve account as required by law. The scheme freed up billions of dollars per week that Merrill Lynch was able to use for its own proprietary trading.

There are several whistleblower programs under federal law such as the SEC's program and the False Claims Act. These programs essentially turn every employee into a "federal agent" capable of providing information to the government for their own financial gain.

Full and complete corporate compliance with federal laws is crucial to avoid similar claims to your company or organization. Wright Constable & Skeen can handle your next compliance review.