

Intelligent Business

Give a little whistle

A Before you read: discuss

1. The article is about *corporate crime*. What sort of crimes do corporations commit? Make a list.
2. *Whistle-blowers* are employees of corporations who tell the authorities about crimes which their employers are committing or have committed. Do you think you have a greater loyalty to your employer than the law? What could be the disadvantages of being a whistle blower?

B Comprehension

1. What is the meaning of Mary Shapiro's statement?
 - a. There is too much corporate fraud taking place.
 - b. People are not reporting corporate fraud.
 - c. Many people who suffer from corporate fraud remain silent.
2. What has she announced?
 - a. People who report corporate fraud will receive rewards.
 - b. People who report corporate fraud will have to pay fines.
 - c. People who report corporate crime may be dismissed.
3. What does the statement and action of the US Chamber of Commerce suggest?
 - a. They are in favour of Ms. Shapiro's announcement.
 - b. They are against Ms. Shapiro's announcement.
 - c. They do not understand why Ms. Shapiro has made the announcement.
4. Ms. Shapiro's new initiative is the result of ...
 - a. the collapse of the energy company, Enron.
 - b. large numbers of employees reporting corporate crime.
 - c. two laws passed by the US congress after the financial crisis.
5. Sherron Williams ...
 - a. reported her worries about corporate fraud at Enron to her employers.
 - b. reported her worries about corporate fraud at Enron to several newspapers.

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- c. reported her worries about corporate fraud at Enron to the Securities and Exchange commission.
- 6. After the draft of the new rules were issued in November ...
 - a. many employees reported corporate frauds to the SEC.
 - b. many businesses began internal enquiries into corporate fraud.
 - c. many businesses were worried that employees would report corporate fraud to the SEC before reporting them to their employers.
- 7. Employees who report corporate fraud internally are ...
 - a. often unpopular with their employers and co-workers.
 - b. often rewarded by their employers.
 - c. often ignored by their employers.
- 8. The offer of rewards to whistle-blowers may lead to ...
 - a. employees becoming rich by making false claims of corporate fraud.
 - b. more corporate fraud being revealed.
 - c. more corporations committing corporate fraud.
- 9. The offer of rewards to whistle-blowers will probably lead to ...
 - a. the status quo.
 - b. extra work for the SEC.
 - c. more tip-offs being reported to newspapers.

C Vocabulary

Look carefully at the words in *italics*. Choose the best ending for the sentences below. Look at the words in context in the article and use your Longman Dictionary of Business English to help you.

- 1. A *whistle-blower* ...
 - a. causes unnecessary panic.
 - b. is a disgruntled employee.
 - c. helps the authorities to discover corporate fraud.
- 2. An *inducement* is ...
 - a. a tip-off to the authorities.

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- b. a reward to companies who do not commit corporate fraud.
 - c. money offered to encourage people to report corporate fraud.
3. A *tip-off* is a ...
- a. warning.
 - b. a successful prosecution of a crime.
 - c. a fine for committing a crime.
4. A *sleuth* is someone who ...
- a. commits a crime.
 - b. investigates a crime.
 - c. reports a crime.
5. A *flurry* of angry letters is ...
- a. a large number of letters.
 - b. a small number of very angry letters.
 - c. a large number of useless letters.
6. If you *squeal* on your employer, you ...
- a. help your employer to conceal a crime.
 - b. work very hard for your employer.
 - c. report a crime your employer has committed.
7. If you *fret* about a problem, you ...
- a. get angry about it.
 - b. worry about it.
 - c. try to ignore it.
8. if you *bypass* internal procedures, you ...
- a. complain about them.
 - b. ignore them.
 - c. encourage co-workers not to follow them.

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9. If you are *branded* as being a disgruntled employee, you are ...
- labelled as being a disgruntled employee.
 - punished for being a disgruntled employee.
 - rewarded for being a disgruntled employee.
10. If you *grumble* about the food in the canteen, you ...
- feel ill after eating it.
 - refuse to eat it.
 - complain about it.
11. A *deluge* is ...
- a flood.
 - an eruption.
 - an earthquake.
12. The *status quo* is ...
- the situation expected in the future.
 - the past situation.
 - the current situation.

D After reading, discussion.

- Is corporate fraud common or uncommon in your country?
- Do you have a body like the SEC to investigate corporate fraud?
- If so, does the body encourage or discourage whistle-blowers?

Corporate crime

Give a little whistle

The SEC offers a huge carrot to encourage whistle-blowers

May 26th 2011 | NEW YORK | from the print edition

"TOO many people remain silent in the face of fraud," says Mary Schapiro, the chairman of America's Securities & Exchange Commission (SEC). On May 25th she announced new rules to encourage corporate whistle-blowing. Inducements will include cash: 10-30% of fines of over \$1m that result from tip-offs. The US Chamber of Commerce, a business lobby, calls it a "bounty programme" that will reward "amateur sleuths in search of a big payday". It is threatening legal action to block it.

The new rules were required by the Dodd-Frank act, Congress's response to the financial crisis, which was passed last year. They follow an earlier effort to encourage employees to speak up. After Enron, an energy firm, collapsed in a flurry of fraud, Congress passed the Sarbanes-Oxley act in 2002 which, among other things, protected whistle-blowers from retaliation.

Employees have never found it easy to squeal on employers. Perhaps the most celebrated of corporate whistle-blowers, Sherron Watkins, a former executive at Enron, never went public with her prediction that the company might be brought down by fraud. She reported her concerns internally, and was ignored.

When the SEC released draft rules in November, businesses fretted that the financial rewards would prompt insiders to go straight to the commission, bypassing their firms' internal procedures—especially since that would reduce the risk of being victimised by the boss or branded a "disgruntled employee". The new rules try to correct this, for example by allowing a reward to be paid in some circumstances to whistle-blowers who only grumble internally.

The chance of making a fortune may encourage speculative whistle-blowing in the hope of winning the lottery. Ms Schapiro's new Office of the Whistleblower may be deluged with useless tips. But even that might be better than the status quo.

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Key

- A Open answers
- B 1b, 2a, 3b, 4c, 5a, 6c, 7a, 8b, 9b
- C 1c, 2c, 3a, 4b, 5a, 6c, 7b, 8b, 9a, 10c, 11a, 12c
- D Open answers