

I have attached two documents which outline what I feel are necessary steps needed in order to properly address whistleblower reform, as well as a third document, which serves as an example of how these reforms may be applied to a sample industry. I believe the problems encountered by whistleblowers are just a symptom of a much larger problem.

The first document entitled, "US Government Reform," lays out the restructuring of a number of agencies within the government, and should insure all businesses, whether they are public, private, non-profit, or governmental, are covered by the whistleblower law. It also should provide reasonable assurance that the issues brought up by whistleblowers are properly addressed, or permanently fixed, so that they do not occur again either in the future, or at another company, business or agency.

The second document entitled, "Corporate Governance & Whistleblower Reform," lays out both specific whistleblower provisions, as well as Corporate Governance changes, as I believe these are both intertwined. Boards and other high level executives within businesses must understand that they are ultimately responsible for the ethical and proper business practices within their companies. The proverbial "buck" stops with them. Additionally, it reminds US Citizens that they have an inherent duty to speak out, when there is a perceived, or actual wrongdoing by any individual in any business dealings they may have.

The third document is an example of how the above reforms can be applied to help reform the healthcare industry. Essentially, the documents/steps above serve as a template for change within all US industries, and separate reform analyses would need to be performed for all "high-risk" industries.

Without these reforms, or top-down similar reforms such as these, the US government can pass as many whistleblower provisions or laws as it wants, including reward programs, but these will never serve to fix the root cause of what is ailing the US government and its citizens today. During the past decade or so of deregulation, many industries have proven that they are unable to operate their companies in the public interest. Unfortunately, proper governmental intervention and assistance is needed in order to restore public confidence and trust in a number of industries; there is no better place to start than a reform of the ailing US government itself.

Sincerely,

Virginia Geraghty, CPA

# US Government Reform

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Mission: Government officials are to be elected by the people, for the people. All governmental actions, laws, etc., are to be enacted and performed to improve, and protect, the lives of the US citizen, as customer and owner, of the federal government. The Government, all of its agencies, departments and individuals are to be organized in such a manner as to delineate accountability and transparency. We need our government to be a well-run, efficient business, and we need to enforce our laws.

- 1. The SEC would expand its reach by accepting all US citizen and corporate allegations of wrongdoing related to any individuals or companies doing any type of business within the US.** The SEC would expand its current data base utilized to log each concern with the data collected by a number of other governmental agencies, and subsequently review the data for patterns by company, person, or other. These would be broken down into four different areas as follows:
  - a. Public and High Risk Sector** - All companies considered publicly accountable. Companies who own assets in a fiduciary capacity for a broad group of outsiders. Subsidiaries of public companies.
  - b. Private Sector** - All for-profit companies not covered under the definition above.
  - c. Non-Profit** - All non-profit agencies.
  - d. International** – All foreign-based companies doing business in the US.
- 2. Department of Commerce- Office of Standards & Regulation (OSR)-** A restructuring of a number of governmental offices, regulatory bodies and other entities primarily by Standard Industry Classification. The National Institutes for Standards and Technology (NIST) who currently monitors global industry standards, with a goal of improving quality of life, would serve as the foundation for this restructuring. A number of either unregulated or under-regulated, industries would be subject to new industry standards as they have been allowed to establish a number of their own standards in the past, but have been unable to demonstrate the ability to fulfill this responsibility in the public interest.
- 3. Department of Commerce – Office of Information Technology-** This group would work hand in hand with all the OSR groups, as well as global partners, to insure standardization of data, and best practices across all industries. This group would also oversee the secure collection of quality and other benchmarking data on an annual basis, from all covered companies. This data would be reviewed on a regular basis in order to determine if an investigation is warranted based upon any type of unusual company data/activity. This database would be shared with the SEC.
- 4. The OSR would work with the SEC, assisting with Industry-Specific Guidance, as well as addressing needed changes to standards in order to prevent future abuses.** The OSR would work hand-in-hand with both the SEC and industry representatives to address any necessary changes to standards to insure they are done efficiently, in the public interest, as well as to insure repeat abuses do not occur.
- 5. All charges for investigations performed whereby the company is found in violation,** will be charged back to the company, and given the seriousness of the violation, may result in criminal or other charges including fines and penalties, to responsible company officials. If there is evidence of wrongdoing by an employee(s), or a trustee/board member of the business, the business shareholders or owners, have the right to collect damages as a result of the wrongdoing, as well as all costs of any investigation, including legal, any internal/external SEC or third-party contractor costs, etc. Business insurance policies would not be liable to cover for these types of costs.
- 6. The elimination of routine governmental examinations.** In place of this, independent accounting firms will need to be licensed to practice in certain industries, and may have some additional responsibilities in order to address specific industry concerns.

# US Government Reform

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7. **Annual review of licenses** The SEC could either revoke a company's license to practice, or issue warnings with a stated date to cure, either as a result of an investigation, or for serious standard violations. A company's independent accounting firm could be subject to a warning, or loss of license to practice in a certain industry if it was found guilty of not disclosing the standard violation, or conducting a substandard audit.
8. **Consumer Protection** - All US citizen complaints regarding any type of business dealings. Each complaint received by this agency would be logged and ranked by level of risk. High risk, high volume, or high dollar complaints would need to be reviewed by both the SEC and the industry-specific OSR with comments as to action taken. All data would be reviewed for trends, and referred to other agencies as deemed necessary.
9. **Department of Internal Audit would be formed and Sarbanes-Oxley would be implemented within all governmental units** - The audit function of the GAO, and the various Office of Inspector General positions of all federal agencies and cabinets, would be restructured to form this independent agency reportable to the US Citizens. Sarbanes-Oxley, as enforced by this agency, would require sign-offs of budgets and other financial information by all various officials in order to clearly assign accountability and responsibility.  
This agency would investigate citizen or internal complaints regarding governmental employees, agencies or governmental vendors. An 800 line would be set up for governmental employees who wish to remain anonymous. The current governmental whistleblower law, which exempts certain individuals, would be eliminated.  
This agency would also, as part of its Sarbanes-Oxley procedures, review "whistleblower complaint" resolution by the SEC and related appeals.
10. **Annual report by the Department of Internal Audit to be presented to US Citizens.** This report would include highlights of what the Department feels are high-risk areas, progress made in these areas, and any other pertinent items related to its activities and findings during the past year. Each branch of the government would be given the opportunity to respond or comment on this report.
11. **Department of Finance and Accounting-** Non-audit functions of the GAO, the CBO, as well as the head finance of all other agencies, or other entities would be restructured to form this agency. All federal reporting would then be standardized, and one consistent information system could be utilized to provide timely reports, as well as forecasts or budgets, to all branches of the government. Sarbanes-Oxley would require sign-offs of financial information, budgets, etc., by all responsible officials in order to insure accuracy, accountability and transparency.
12. **Annual independent audits completed for federal agencies on a rotational basis, or based upon risk assessments.**

# Corporate Governance and Whistleblower Reform

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**Mission:** In order to insure all businesses are governed with a view to achieving long term strategic goals to satisfy shareholders or other owners, creditors, employees, customers and suppliers, and that they comply with legal and regulatory requirements, there must be an acceptance by all US Citizens that they will be protected when performing their inherent duty to speak up about any perceived or actual wrongdoing related to any individuals or companies doing any type of business within the US. The US would adopt the definition of Corporate Governance as found in the report of India's [SEBI](#) Committee on Corporate Governance, that being, the "acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal & corporate funds in the management of a company."

All US Citizens that perceive, or have actual knowledge, of wrongdoing related to any individual(s) or companies doing any type of business within the US, have a duty to inform their supervisor, and in the absence of a supervisor, the SEC.

1. **External Auditors-** If a public accounting employee does not feel comfortable notifying their supervisor regarding a perceived, or actual wrongdoing at a client business location, they must have access to an anonymous 800 line. The public accounting firm, must investigate the allegation, and if there is a valid concern, they must provide notifications of their concerns to individuals in the following order:
  - The highest level client financial executive
  - The highest level client executive
  - The client Board of Directors, Trustees, etc.
  - The SECFailure of a public accounting employee to follow these procedures may result in a loss of license to practice. Similarly, failure of a public accounting firm to follow these procedures may result in the firm's license to practice in either a particular industry, or depending upon the severity of the allegation, loss of the firm's license to practice altogether.
2. **Internal Auditors-** If an internal auditor does not feel comfortable notifying either their supervisor, or a manager of the company in a higher level capacity, regarding a perceived or actual wrongdoing, they must have access to an anonymous 800 line. Allegations that go to the 800 line would be directed to the Board of Directors who, depending upon the type of allegation, would have a duty to handle the situation by notifying both the employee, as well as the SEC of the situation, with a timeline for resolution. As long as there has been no negligence, or the board can prove the issue was addressed in a reasonable period of time, no fines/penalties will be assessed by the SEC for the allegation. However, the Board has an obligation to notify the SEC if they feel there has been any type of personal wrongdoing on the part of any employee, in order for the SEC to properly address.
3. **Employees -** If an employee does not feel comfortable notifying their supervisor regarding a perceived or actual wrongdoing, they may either notify human resources, or another higher-level official within the business. All businesses considered publicly accountable, who own assets in a fiduciary capacity for a broad group of outsiders, or subsidiaries of public companies, or who have more than 50 employees, would have to give employees access to an anonymous 800 line. Allegations that go to the 800 line would be directed to the Board of Directors/Trustees/Members, etc. who, depending upon the type of allegation, would have a duty to handle the situation in one of the following manners:
  - Notify one of the highest level financial or other officers of the company to resolve the issue
  - Notify their internal or external auditors in order to complete an internal investigation

# Corporate Governance and Whistleblower Reform

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- Notify the SEC regarding the allegation, and ask for assistance in order to investigate and properly address the situation
4. **Board of Directors/Trustees/Members** – This group of individuals has ultimate responsibility for the Corporate Governance of the business, as defined in the mission statement above. If they are aware, or perceive any wrongdoing, anything they feel may hinder long-term strategic goals, or future performance of the business in the absence of those goals, any unethical business conduct, or any issues surrounding related party transactions or the use of personal vs corporate funds or assets in the management of the business, they have an obligation to discuss, and resolve, the issues with other Board Members. If, for any reason, a board member feels the issue has not been properly resolved, they have an obligation to notify the SEC.
  5. **Shareholders** - If any shareholder of the business has any concern regarding any perceived or actual wrongdoing, including issues with Corporate Governance, they must notify the Board of Directors/Trustees/Members, of their concern before taking any other action. If the shareholder feels their concern has either not been properly addressed, or is not addressed in a timely manner, they should notify the SEC.
  6. **Vendors** – If any vendor of the business has any concern regarding any perceived or actual wrongdoing, and they do not feel comfortable dealing directly with their purchasing contact, or any direct supervisor, or higher level officer of the Purchaser’s business, they need to call the their internal 800 number if available, or if not available, contact the SEC.
  7. **Governmental Employees** – See US Government Reform document for procedures.
  8. **If an individual feels his/her allegation has not been properly addressed, or has not been addressed in a timely manner** in any of the instances noted above, the individual has an obligation to notify the SEC directly. In the complaint, the employee must state actions taken in order to rectify the situation. Though logged for potential follow-up, complaints will not be addressed by the SEC until they are sure that all internal procedures have been completed.
  9. **Consumer** - All US citizen complaints regarding any type of business dealings as an end-user of a product, or a consumer, should be discussed directly with the company’s customer service department. If a consumer is not satisfied that the issue has been properly addressed, or has not been addressed in a timely manner, the individual should call the Consumer Protection Agency.
  10. **External Auditors for Public and High Risk Sector Businesses must present an annual report to the Board of Directors/Trustees/Members, etc.** All businesses considered publicly accountable, who own assets in a fiduciary capacity for a broad group of outsiders, or subsidiaries of public companies would be included in the definition of Public and High Risk Sector. This report should highlight any items/issues they feel are high-risk, and must be filed with the SEC.
  11. **External auditors to include Corporate Governance review in audits performed on Public and High-Risk Sector businesses.** These procedures would include a review of Board composition and their backgrounds. All high-level finance employees at the business would be required to be licensed CPAs.
  12. **Annual report by the Internal Audit Department of all Public Companies must be given at the annual shareholders meeting.** This report would include highlights of what the Department feels are high-risk areas, progress made in these areas, and any other pertinent items related to its activities and findings during the past year. The Board of Directors and/or Executives of the Company would be given the opportunity to respond or comment on this report. This report must be filed with the SEC.
  13. **Any “whistleblower complaints,” essentially issues regarding loss of job, or other types of harassment as a result of filing or raising a complaint, issue or concern surrounding perceived or actual wrongdoing,** prior to

## Corporate Governance and Whistleblower Reform

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the commencement of any type of lawsuit, should be addressed in the following order, with short timeframes for resolution:

- An officer of the business, the board or a designee of the business- If the business feels the allegation may have merit, they need to launch an investigation, and give the individual, and the SEC, a timeline for resolution. Conversely, if the business feels the allegation has no merit, they must notify the individual, and the SEC, with an explanation.
- If the individual does not agree with the business' explanation, they must request a review of the decision by the SEC. The SEC would then perform the following steps:
  - i. Review the steps taken by the business in order to arrive at their no merit conclusion
  - ii. If the steps taken and "no-merit" conclusion appear to be reasonable, notify the business and individual of this decision.
  - iii. If it is determined that the business did not perform proper due diligence in investigating the allegation, or the dismissal, the SEC would launch its own investigation.
  - iv. If the allegation, or dismissal is determined to have merit, the SEC would:
    1. Recover all costs of its investigation, plus fines and penalties
    2. Determine if there was any negligence on the part of any board member, business employee, etc. which could result in the loss of positions or jobs, including possibly licenses to practice in a particular industry or profession (see US Government Reform)
    3. Assist the company in recovering any damages when applicable
    4. Determine the amount of employee or individual damages to be paid, and determine if job reinstatement is feasible or desired; if not feasible or desired, insure proper steps are taken by the business to assist the employee with obtaining new employment.
- If the individual does not agree with the SEC's determination, they may then either appeal, with new facts, or take legal action.

14. **If there is evidence of wrongdoing by an employee(s), or a trustee/board member of the business**, in all instances above, the business shareholders or owners, have the right to collect damages as a result of the wrongdoing, as well as all costs of any investigation, including legal, any internal/external SEC or third-party contractor costs, etc. Business insurance policies would not be liable to cover for these types of costs in this situation.

# US Healthcare Reform

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1. **Department of Commerce, Office of Standards & Regulation (OSR) - Healthcare, would set standards.**
  - a. Standards would be set for items such as provider service offerings, claims billing, patient information & records, medical process control procedures, medical equipment and related maintenance, health insurance company practices, drug company practices and testing, physician training and medical sources/information, medical provider software, including software security, and related audit trails.
  - b. This body would also regulate many currently unregulated services and products such as acupuncture, hypnosis, nutrition, laser, skin-care products, natural supplements and vitamins.
2. **Department of Commerce – Office of Information Technology, would require annual medical software certifications-** This group would oversee a standard compliance certification process for all healthcare software providers on an annual basis, as well as work hand in hand with OSR – Healthcare to insure information technology and data standards are consistent with those of other industries, as well as global partners.
3. **Data would be collected from all medical providers in a secure patient information database by the Office of Information Technology.** This data could be utilized by licensed providers, health care insurers, and other licensed companies in order to:
  - i. Assist Doctors in reducing morbidity, mortality and unnecessary procedures
  - ii. Allow patients and their families to make more informed decisions.
  - iii. Assist in the marketing and advertising of drugs.
4. **All medical/drug/insurance company complaints** would need to be submitted for review/determination to the SEC and OSR to attempt a settlement/ruling prior to the commencement of any type of lawsuit.
5. **Simplified billing** -One single entity (i.e. hospital/clinic) would bill one set amount off a rate card, for all services rendered including physicians/radiologists/laboratory tests, etc. This means, one hospital stay= one standard cost, or an appendectomy would be one service, one cost, with very limited variations for intensity of care.
6. **Transparency of Insurance/Provider Costs to Patient** -Provider service rate cards, provider quality rankings, insurer deductibles and any other patient costs would be readily available to all patients as well as OSR (via the nationwide database). Insurers would no longer be allowed to negotiate “proprietary deep discounts” with medical providers, other than early payment discounts.
7. **Annual review of provider/insurer licenses** - Annual quality and other benchmarking data gathered via the nationwide database would be reviewed annually by OSR in order to approve both provider/facility licenses to practice. The regulatory review would include the feasibility/need for the building of new facilities as well as the issuance of provider license revocation warnings for standard violations.
8. **Government employees to be covered by private insurance plans** - All government-run hospitals, clinics and other providers would be privatized. In their place, all covered

## US Healthcare Reform

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governmental employees, military veterans, federal retirees, etc., would be covered under a self-funded insurance plan administered by a private insurer(s).

9. **Expand a currently available form of Medicare Advantage (Part C)** - Current Medicare eligible recipients that have a demonstrated need, would be covered under the Medicare Advantage Program. The federal government would be responsible for paying a high deductible insurance plan premium to an insurance company of the eligible recipient's choice, with an excess amount deposited into a Medical Savings account.
10. **Medicaid to be paid to the states via a capped block grant.** Block grants in states that based upon benchmarked data have a higher per-capita cost, or poorer quality, will see reductions in their block grants. States unable to improve their Medicaid statistics, or expense, on their own, would have to allow intervention from more successful states to either implement best practices, or takeover administration of the program.
11. **Insurers to set premiums by region rather than employer group** – In addition to this, Insurers would no longer be allowed to charge an individual a premium for a pre-existing medical condition, as long as the insured had no “time gaps” in medical coverage. Insurers, however, may be able to charge a higher rate for an individual that refuses to have annual check-ups or follow physician recommended diet, medication, or other services.
12. **Health Care Advocacy-** Power of Attorney, as well as organ donor information would be required to be on file for all citizens. Hospitals would be required to provide end-of-life/quality of life counseling to family members and/or patients over the age of retirement.
13. **Expand use of Health Savings Accounts** -Replace the medical portion of flex plans with Health Savings Accounts, increase the annual contribution limits, and make it available all US Citizens, not just those with high deductible plans.