



## Portfolios

**Law Firm Meissner Assoc. Represents Whistleblower in Nearly \$22.5 Million Bounty Payment by Monsanto Over Accounting Deception**

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NEW YORK, Aug. 31, 2016 /PRNewswire/ -- In a milestone representation on behalf of a financial whistleblower, law firm Meissner Associates has secured a nearly \$22.5 million bounty paid to a former employee of Monsanto Co. (NYSE: MON), part of an \$80 million penalty imposed on the agribusiness giant by the Securities & Exchange Commission stemming from accounting violations and improper financial reporting.

The payment of \$22,437,800 is the second highest award since the SEC launched its novel whistleblower program as part of the Dodd-Frank Act of 2010. At more than 28% of Monsanto's total \$80 million penalty, it is nearly the maximum 30% allowed under the bounty program for payments higher than \$1 million. To date, the agency has awarded more than \$107 million to 33 whistleblowers.

In announcing the award on August 30, Jane Norberg, Acting Chief of the SEC's Office of the Whistleblower, said, "Company employees are in unique positions behind-the-scenes to unravel complex or deeply buried wrongdoing. Without this whistleblower's courage, information, and assistance, it would have been extremely difficult for law enforcement to discover this securities fraud on its own."

Here is link to SEC's news announcement: <https://www.sec.gov/news/pressrelease/2016-172.html>.

Monsanto accepted the \$80 million penalty in February to resolve charges that it violated generally accepted accounting rules and misstated corporate earnings relating to its flagship weed killer Roundup. In an investigation prompted by the company whistleblower, the SEC found that Monsanto's lax internal controls failed to account for tens of millions of dollars in rebates given to retailers and distributors as incentives to drive sales of Roundup in the face of intense discounting by rivals. The SEC said that Monsanto's "material" overstatement of earnings for three years misled investors as to the herbicide's true sales performance.

In addition to the financial penalties, Monsanto agreed to improve its accounting controls and retain an independent compliance monitor to review its accounting procedures. Three accounting and sales executives at Monsanto were also charged by the SEC for contributing to the financial improprieties – all three previously struck their own settlements with the agency, including payment of civil penalties.

"We are extremely pleased with the award granted to our client and especially with the SEC's persistence in undertaking a highly complex investigation of accounting weaknesses at Monsanto, which aggressively fought the case all along," said Stuart Meissner, who represented the company whistleblower. He noted that his client, a former Monsanto financial executive, only shared his concerns with the SEC after first trying to correct the issues internally.

"Although it took several years to consummate, the large award made to our client hopefully will encourage other public company insiders who are aware of financial manipulations – or any other securities laws violations – to come forward to help protect investors," Mr. Meissner added. "Internal gatekeepers like our client represent the first line of defense against financial wrongdoing at companies – in this case unlawful gamesmanship between Monsanto and its outside auditor to disguise significant sales weakness of a signature product like Roundup."

Mr. Meissner raised concerns about the role of outside auditors in this and other SEC accounting matters: "We hope the agency will probe Monsanto's outside auditor Deloitte for the role we believe it played in enabling the company to overstate earnings and issue misleading financial statements – not only once, but twice," he said.

"In my opinion, there was an initial misstatement by Monsanto and a subsequent restatement –the restatement is actually the bigger issue of the two in my view," Mr. Meissner continued. "When auditors are allowed to audit their own mistakes, it is difficult for them to be independent and objective. And when independence is impaired the professional skepticism needed to recognize and flush out improprieties by management is not present. Professional skepticism of the auditor is the last line of defense for a management team that may have a clear bias in reporting positive results."

"To this day, in my view Monsanto investors still do not have accurate financial statements for the periods involved in the case," Mr. Meissner added. "I do not believe that investors have been able to reasonably access the performance of the company, including whether or not Monsanto hit the mid-teen percentage growth targets management committed to in 2010. If a true independent auditor not associated with the original financials had been appointed to audit the restated financials, I believe there would be a higher likelihood that investors would know the true performance of the company and be in a better position to make fully informed decisions."

Mr. Meissner's client issued his own statement on the outcome: "I applaud the SEC for how quickly they took action in responding to my submission and the tremendous effort put forward in this case. The agency performed an invaluable public service in creating its whistleblower program – my hope is that others will stand up for investors by doing the right thing and bring forward information related to corporate wrongdoing. I believe the case will raise awareness of the gaps that still exist today with respect to auditor independence and result in regulators looking closer at this issue and ultimately bring new rules forward to mitigate the impact this has on investors."

Mr. Meissner is a former prosecutor and member of the New York Attorney General's office who assisted in the original drafting of the SEC's whistleblower rules. He called the bounty program "a critical shield by which individuals can be deputized in correcting bad corporate behavior, which sometimes continues for long periods of time before it comes to light. Financial executives in particular are often in position to spot manipulations and slight-of-hand accounting practices well ahead of regulators or even those in senior management. The Monsanto case illustrates that perfectly – shareholders and the investing public benefit through a program which rewards those who see something and say something."

Note: New York based Meissner Associates is a nationally recognized whistleblower, securities, investment fraud and employment law firm representing SEC whistle-blowers, securities professionals as well as institutional and retail investors worldwide in recovering improper investment losses and protecting the employment rights of employees in the securities industry in FINRA arbitration and AAA Arbitration. Managing member Stuart Meissner is a former Assistant District Attorney in Manhattan and Assistant New York State Attorney General in the Investor Protection and Financial Crimes Units. Mr. Meissner contributed to the crafting of the original SEC Whistleblower Rules and is cited by the agency for his contributions. For more, visit [www.smeissner.com](http://www.smeissner.com).

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