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Whistleblower calls for Deloitte probe

Monsanto informant says external auditor should have put stop to fraud

BEN MCLANNAHAN — NEW YORK

A whistleblower rewarded for exposing accounting violations has taken the unusual step of naming his employer — Monsanto — in the hope of prodding the regulator to take action against its auditor, Deloitte.

The Securities and Exchange Commission on Tuesday said it had awarded \$22.4m — the second-biggest payout since the programme was set up six years ago — to the corporate insider who helped the agency uncover a “well-hidden fraud”.

The award came six months after the SEC reached an \$80m settlement with Monsanto, the agribusiness company, to resolve claims it failed to properly account for the costs of a sales rebate programme for Roundup, its best-selling weedkiller.

In its statement on the award the SEC did not refer to the Monsanto case — but the connection was made this week by **Stuart Meissner of Meissner Associates, a New York-based law firm that acted on behalf of the whistleblower.**

He said his client wanted to put pressure on the SEC to probe Deloitte's role in the affair, which prompted the company to restate three years of profits in October 2011. The employee, who wants to preserve his anonymity, left Monsanto during the SEC investigation.

Mr Meissner claimed Deloitte, Monsanto's external auditor, had every opportunity to put a stop to the fraud but failed to do so.

“In our opinion, if they were being honest and forthright, they'd have supported my client when the matter was raised internally. And if they had supported my client, Monsanto would not have been able to use them as a shield, which they did in arguing that my client was wrong,” he said.

Deloitte, Monsanto and the SEC declined to comment.

The challenge to the SEC comes as auditors, accused of not doing enough to stop fraud, face legal challenges on several fronts. Last week PwC settled a multibillion-dollar lawsuit in Miami mid-trial, having battled charges that it

was negligent when it signed off on six years of accounts from Colonial Bank, an Alabama-based lender that collapsed in 2009.

Mary Jo White, SEC chair, said in a 2013 speech that the regulator was determined to hold auditors to account if they missed, or ignored, red flags.

In February the SEC said Monsanto had insufficient internal controls to track millions of dollars in rebates it offered to Roundup retailers and distributors. The rebates were part of a promotion that the company ran after sales of a generic version of the product undercut its business in 2009.

Monsanto booked substantial revenues as a result of that promotion, but did not recognise related costs, which led to “material” misstatements of profits.

‘If [Deloitte had backed] my client, Monsanto would not have been able to use them as a shield’