

***Whistleblower 14377-16W v. Commissioner of Internal Revenue, 148 T. C. 25 (U. S. Tax Ct. 2017)***

In a significant ruling on whistleblower anonymity, the U. S. Tax Court denied a petitioner's request to proceed anonymously in his claim against the IRS for a whistleblower award. The court balanced the petitioner's fear of economic and personal harm against the public's interest in transparency, ultimately prioritizing the latter due to the petitioner's extensive filing history and reliance on public records for claims. This decision underscores the court's stance on the importance of public access to judicial proceedings, especially in cases of serial whistleblower filings.

**Parties**

Petitioner: Whistleblower 14377-16W. Respondent: Commissioner of Internal Revenue.

**Facts**

Whistleblower 14377-16W, a self-described analyst of financial institutions, filed a petition in the U. S. Tax Court to review the Commissioner's denial of his claim for a whistleblower award under 26 U. S. C. § 7623(b). The whistleblower had identified a corporate taxpayer's alleged tax evasion of nearly \$100 million, based on information from publicly available sources such as SEC Forms 10-K. The whistleblower moved to proceed anonymously, citing fears of economic and personal harm should his identity be disclosed. At the time of the motion, the whistleblower had 11 cases pending before the Tax Court, involving 21 whistleblower claims and multiple taxpayers, and four additional claims pending before the IRS.

**Procedural History**

The whistleblower filed a petition in the U. S. Tax Court to review the Commissioner's denial of his whistleblower award claim. Concurrently, the whistleblower moved to proceed anonymously under Rule 345(a) of the Tax Court Rules of Practice and Procedure. The court temporarily sealed the record pending resolution of the anonymity motion. The Commissioner objected to the motion. Following a teleconference with the parties, the court ordered the Commissioner to respond in writing and the whistleblower to reply, addressing the public interest in knowing the identity of serial claimants.

**Issue(s)**

Whether the whistleblower's interest in maintaining anonymity outweighs the public's interest in knowing the identity of a person filing multiple whistleblower claims in the Tax Court?

**Rule(s) of Law**

Under Rule 345(a) of the Tax Court Rules of Practice and Procedure, a whistleblower may move to proceed anonymously by providing a sufficient, fact-specific basis for anonymity. The court will balance the whistleblower's potential harm against the public's interest in knowing the whistleblower's identity. See *Whistleblower 12568-16W v. Commissioner*, 148 T. C. 7 (2017).

## **Holding**

The court held that the whistleblower's interest in maintaining anonymity was outweighed by the public's interest in knowing the identity of a serial claimant filing multiple petitions in the Tax Court. The court denied the whistleblower's motion to proceed anonymously.

## **Reasoning**

The court conducted a detailed analysis of the whistleblower's arguments for anonymity, including fears of marital discord, alienation of business partners, and retribution from political figures. However, the court found these fears speculative and insufficiently fact-specific to justify anonymity under Rule 345(a). The court noted the whistleblower's reliance on publicly available information and lack of an employment or close relationship with the taxpayers identified, which suggested a potential for numerous, superficially meritorious claims. The court emphasized the public's interest in transparency, especially in the context of serial filers and the growing phenomenon of using publicly available documents to identify tax abuses. The court also considered the administrative burden of handling anonymity requests and the need for public oversight of judicial proceedings. Ultimately, the court concluded that the public's interest in knowing the identity of serial claimants outweighed the whistleblower's interest in anonymity.

## **Disposition**

The court denied the whistleblower's motion to proceed anonymously and issued an appropriate order to that effect.

## **Significance/Impact**

This case sets a precedent for balancing the interests of whistleblower anonymity against the public's right to know in the context of serial filings. It highlights the court's recognition of the potential for abuse in the whistleblower system through the use of publicly available information and the need for transparency in judicial proceedings. The decision may impact future whistleblower cases by setting a higher threshold for anonymity and encouraging public scrutiny of serial claimants. It also underscores the administrative burden on the court in handling anonymity requests and the broader implications for whistleblower law and practice.