

**New York City Council
Council-wide Committee of the Whole Hearing
On
Legislative Proposals to Safeguard and Regulate Artificial Intelligence
Including Intro T2026-2605 with Whistleblower Reward Provisions Relating to Same**

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Written Testimony of Neil V. Getnick

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Good day, I am Neil Getnick, the Managing Partner of Manhattan-based, Getnick & Getnick LLP (also known as Getnick Law). We are a boutique law firm with a practice focused on business integrity counseling, economic crime investigation and litigation (concentrating on whistleblower and civil RICO cases), and corporate monitoring. Our whistleblower cases have recovered over one and a half billion dollars for the federal, state, and local governments in the U.S., including over one hundred million dollars for New York State and New York City.

For more than fifteen years through 2021, I served as the Chairperson of Taxpayers Against Fraud (now The Anti-Fraud Coalition, known as TAF in both iterations), a non-profit whistleblower advocacy and education organization and the de facto national whistleblower bar association. Since then, I have served on TAF's President's Council and continue to do so today.

I am testifying today both personally and on behalf of Getnick Law.

Today's New York City Council hearing examines a group of legislative proposals to safeguard New Yorkers from the potential risks of artificial intelligence. Intro No. 2026-2605 provides for rewards resulting from recoveries arising from whistleblower complaints alleging that a person or entity has violated legal provisions related to artificial intelligence.

I am sure that others testifying today will have much to say specifically related to artificial intelligence. I am speaking to you from my area of expertise, i.e. whistleblower laws and programs, and more specifically what are the essential characteristics of the most successful laws and programs. I will highlight eight key elements relevant to the legislative proposals that are subject of today's hearing:

- First: Threshold — Setting a threshold-qualifying amount for a reward. This allows the agency to cull out de minimis matters and focus instead on matters with the potential for high returns allowing for investigative resources to be allocated most efficiently and effectively.
- Second: Floor and Ceiling — Typically, the range of rewards is set between 15-30%, based upon the contribution of the whistleblower and their counsel in securing the recovery. The floor is meant to incentivize whistleblowers and their counsel to participate in the program, and the ceiling establishes a percentage limit on the reward protecting the public fisc.
- Third: No caps — Beyond the percentage limits, there should be no caps on the size of the award. Simply put, the greater the recovery, the greater the reward, which has proven a key to the ability of whistleblower programs to incentivize high-end claims.
- Fourth: Public / private partnership — The government agency and the whistleblower and counsel should work together to maximize the recovery. This has been the key to success under the Federal and State False Claims Acts as well as other whistleblower programs.
 - To be sure, the government agency is in charge of the matter with the whistleblower and counsel providing support as requested. This arrangement allows the government to leverage those private resources, increasing efficiency and effectiveness.
- Fifth: Emphasizing Anonymity: While anonymity typically cannot be guaranteed (for example if the whistleblower's testimony is needed to prove the case arising from the reported claims), the government should do all that it can to preserve the whistleblower's anonymity.
- Sixth: No Double Taxation of Legal Fees. The effectiveness of the government is greatly increased when it can leverage the resources of the whistleblower and his or her counsel. There should be no double taxation of legal fees, i.e., the lawyers pay taxes on their legal fees, and the whistleblowers pay taxes on the balance, i.e. their award net of legal fees.
- Seventh: Embrace — Whistle laws and programs are most successful when government embraces them to take full advantage of the information and resources coming its way.

- Eighth: Clarity — Any law should be clear. That will be especially true in the artificial intelligence area. In passing such laws, you will be taking on powerful and well-resourced individuals and entities. A lack of clarity would lead to legal pushback that would potentially cripple potential results by tying up matters in years of needless litigation and successive appeals. So, ask yourselves, “Are these laws clear?,” and do what is necessary to accomplish that at the drafting stage rather than later in the courts.

Whistleblower laws have flourished in the United States proving to be a great success. The New York State False Claims Act, due to the 2010 Fraud Enforcement Recovery Act Amendments, is the most robust such law in the nation, surpassing even the Federal False Claims Act. The legislative proposals before you are an opportunity for New York, this time the City of New York, to lead the way in safeguarding citizens from the potential risks of artificial intelligence. In doing so, this Council will not only safeguard the residents of New York City, but will light the way for the nation as a whole in how to approach this challenge of our times.