

Wigdor Files Whistleblower Termination and Retaliation Complaint Against WisdomTree

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ON BACKGROUND

Wigdor LLP has filed a wrongful termination and retaliation complaint against financial services company, WisdomTree (WT) on behalf of Konrad Ludwig, Leif Kjos, and Bryan Cancel, who were fired after whistleblowing serious compliance and control issues in Prime, the company's trading app, that violated regulatory requirements. On multiple occasions, the plaintiffs reported flaws that exposed customers to security risks and calculation errors that could result in adverse findings by the SEC, including the fact that the app was acknowledged to be commonly used for money laundering. However, leadership refused to make or allow them to implement the necessary changes. Ludwig had also objected to misleading statements made by leadership concerning the company's SOC2 privacy and security compliance.

Ludwig, Kjos, and Cancel vocally and repeatedly protested to WT's leadership, Tim Kirkwood and David Yates, about misrepresentations to data privacy and security auditors and systemic inaccuracies in the Prime app's accounting, customer balance, and transaction functions. Examples include unreliable calculation and rounding methodologies, the exposure of Prime's data to uncontrolled and un-auditable manipulation, improper tracking and processing of financial transactions, and inadequate anti-money laundering-related (AML) measures. Despite the severe regulatory violations and business risks (which were not disclosed to investors) posed by these issues, WT's leadership refused to address and chronically ignored them.

Beginning in 2023, the Plaintiffs raised concerns to their managers about defects in the WT Prime app that presented substantial risks to WT's compliance with federal and state regulations and requirements to prevent ID theft, fraud, and money laundering. They also cited negligent accounting practices and, on at least one occasion, an intentionally misleading presentation of the Company's data practices and security in order to obtain sought-after SOC2 compliance certification (which could mislead customers and business partners). In addition to the app's inherent deficiencies from a compliance standpoint, it was an open secret that Prime was commonly used for apparent money laundering through the proliferation of apparent ghost accounts and "fake" customers (as acknowledged by management). In May 2024, after Ludwig again raised complaints about the app's issues and defects, Kirkwood publicly berated him in a team meeting and responded to his airing of concerns by accusing all three of the Plaintiffs of wasting time on "stupid bullshit" that "doesn't matter."

WisdomTree received a notice sometime before October 28, 2024, saying that the SEC intended to conduct an audit of the Company's retail-focused business operations related to Prime. Less than two weeks later, on or around November 13, 2024, Ludwig, Kjos, and Cancel were terminated from WT, effective November 15, 2024.

The full complaint for Ludwig, Kjos, Cancel v. WisdomTree may be found [here](#).



ON RECORD

Statement from Lawrence Pearson (Partner at Wigdor LLP):

“Employees who sound the alarm about data accuracy and security, and call it out when executives mislead auditors or turn a blind eye to money laundering, are doing the work that a company’s leadership is supposed to do. Our clients were protecting WT’s customers, and their integrity deserves praise, not punishment.”

Please reach out to Wigdor LLP Partner Lawrence Pearson (lpearson@wigdorlaw.com) or of Marketing Tess Neudeck (tneudeck@wigdorlaw.com) with any questions.