

SEC Awards Over \$6 Million to Whistleblowers in Three Seperate Awards

Article By:

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On January 12 and 13, the U.S. Securities and Exchange Commission (SEC) issued three separate whistleblower awards totaling over \$6.2 million. The awarded whistleblowers voluntarily provided original information to the SEC that led to successful enforcement actions.

Through the SEC Whistleblower Program, the SEC pays out monetary awards to qualified whistleblowers, individuals who voluntarily disclosures contribute to the success of an enforcement action. SEC whistleblower awards are for 10-30% of the funds collected by the agency in the enforcement action.

In [the award issued on January 13](#), the SEC awarded over \$5 million to a whistleblower who “submitted a tip and additional information that helped Commission staff shape its investigative strategy, identify witnesses, and draft document and information requests and subpoenas, saving Commission time and resources during the investigation,” according to the award order.

“The whistleblower in this case provided helpful information and substantial ongoing assistance, saving the SEC time and resources during its investigation,” [said Creola Kelly](#), Chief of the SEC’s Office of the Whistleblower.

In [the first of the two awards issued on January 12](#), the SEC awarded approximately \$900,000 to a whistleblower whose voluntary disclosure led to the success of four SEC enforcement actions and four related actions by another agency. Under the SEC’s related action rules, whistleblowers whose disclosure to the SEC also leads to successful enforcement action by other agencies are entitled to awards based upon the sanctions collected in those “related” enforcement actions.

In determining the exact percentage to award the whistleblower the SEC “considered that Claimant provided Enforcement staff with documents and information relating to his/her allegations of misconduct,” the award states. “Claimant also provided continued assistance to the staff and gave on-the-record testimony. Claimant’s information allowed the Commission to bring the Covered Actions more quickly, potentially preventing further misappropriation by the defendants.”

In [the second award issued on January 12](#), the SEC awarded approximately \$300,000 to two whistleblowers who made separate voluntary disclosures which contributed to the same enforcement

action. The first whistleblower's disclosure led to the opening of the investigation and the whistleblower provided ongoing assistance during the investigation. However, in determining the exact percentage to award the first whistleblower, the SEC negatively assessed the fact that the whistleblower "attempted to trade his/her whistleblower tip for a cash settlement from the Company and as part of that exchange offered to withhold that tip from the Commission." "We find this behavior contrary to our law enforcement interest, the goals of the whistleblower program, and the interests of investors," the SEC explains.

According to the award order, the second whistleblower "provided new information that significantly contributed to the success of the Covered Action and caused the staff to expand its existing investigation to address different conduct not previously under review." The SEC further notes that the whistleblower "was also interviewed by the staff and the Commission's charges in the Covered Action were based in part on the information provided by [the whistleblower]."

[According to the SEC Whistleblower Program's Annual Report to Congress for Fiscal Year 2022](#), "[e]nforcement actions brought using information from meritorious whistleblowers have resulted in orders for more than \$6.3 billion in total monetary sanctions, including more than \$4.0 billion in disgorgement of ill-gotten gains and interest, of which more than \$1.5 billion has been, or is scheduled to be, returned to harmed investors."

Individuals considering blowing the whistle to the SEC should first consult an experienced SEC whistleblower attorney to ensure they are fully protected and qualify for the largest possible award.

Geoff Schweller also contributed to this article.

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