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SEC Awards Joint Whistleblowers \$3 Million Even Though Information Was Not Voluntarily Given

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On June 3, 2019, the SEC's Office of the Whistleblower [announced](#) a \$3 million award to two whistleblowers who provided the SEC with information that led it to investigate and successfully bring an enforcement action for securities fraud that affected retail investors. Because the whistleblowers submitted their tip to the SEC jointly, they will share the award.

Prior to the initiation of the SEC investigation, the two whistleblowers had "candid discussions" with a different regulatory authority after that agency sent a query letter to their employer. Notably, the SEC [determined](#) that the information provided by the whistleblowers was not "voluntarily" given under Section 21F(b)(1) and Rule 21F-4(a) because they were legally required to respond to the query letter.

Nonetheless, the SEC exercised its discretionary authority under Section 36(a) of the Exchange Act to issue the award because the whistleblowers were unaware of the request from the other regulatory authority and did not learn of the existence of that authority's investigation until several months after they reported their information to the SEC. The SEC explained that it was "in the public interest and consistent with the protection of investors" to waive the voluntariness requirement.

Since the inception of the whistleblower program in 2011, the SEC has awarded approximately \$384 million to 64 individuals.

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Article By [Annabel Pollioni](#)
[Steven J Pearlman](#)
[Pinchos \(Pinny\) Goldberg](#)
[Proskauer Rose LLP](#)
[Proskauer Whistleblower Defense](#)
[Securities & SEC](#)
[All Federal](#)