Whistleblower Receives $1.6 Million Award from SEC for Assistance in Enforcement Action

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- Securities & SEC
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Yesterday, the U.S. Securities and Exchange Commission (SEC) announced an award of over $1.6 million to a whistleblower who provided valuable information that led to successful enforcement action.

According to an SEC press release, the whistleblower saved the Commission valuable time and resources by tipping them off to violations of securities laws early in their investigation. The SEC reviewed the following to determine the amount of the whistleblower award:

- Claimant’s original information caused staff in the Division of Enforcement to open the investigation and supported some of the charges in the Covered Action, while other charges were unrelated to the Claimant’s information;
- the allegations reported by Claimant would have been hard to detect;
- Claimant’s information and assistance saved the staff time and resources early in its investigation; and
- Claimant unreasonably delayed in reporting to the Commission.

Concerning the unreasonable delay, the SEC did not apply this factor as it otherwise might have done had the delay occurred entirely after the whistleblower award
program was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

This latest action brings the total amount of awards given out by the SEC up to $395 million since the program’s inception in 2012. Seventy-four whistleblowers have received awards.

Whistleblowers, including those who reside outside of the United States, can to qualify for financial awards under the Dodd-Frank Act, which established the SEC Office of the Whistleblower. The SEC permits confidential filings which protect the identity of the whistleblower who reports securities fraud violations to the Commission.

“The violations would have been difficult to detect without the whistleblower’s information and assistance,” said Jane Norberg, Chief of the SEC’s Office of the Whistleblower in the SEC press release. “This matter highlights the importance of the SEC’s whistleblower program to the agency’s enforcement efforts and to its ability to maximize staff resources.”

Read:

SEC Press Release: SEC Awards Over $1.6 Million to Whistleblower.

SEC Order Determining Whistleblower Award Claim.

*Ben Kostyack also contributed to this article.*

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