On February 18, the U.S. Securities and Exchange Commission (SEC) announced two whistleblower awards issued to individuals who provided independent analysis to the SEC which contributed to a successful enforcement action. One whistleblower received an award of $375,000 while the other received $75,000.

According to the award order, the whistleblowers “each voluntarily provided original
information to the Commission that was a principal motivating factor in Enforcement staff’s decision to open an investigation.”

Through the SEC Whistleblower Program, qualified whistleblowers, individuals who voluntarily provide original information which leads to a successful enforcement action, are entitled to a monetary award of 10-30% of funds recovered by the government.

**A 2020 amendment to the whistleblower program rules** established a presumption of a statutory maximum award of 30% in cases where the maximum award would be less than $5 million and where there are no negative factors present. The SEC notes that this presumption did not apply to the two newly awarded whistleblowers. According to the SEC, the first whistleblower unreasonably delayed in reporting their disclosure and the second whistleblower only provided limited assistance.

In the award order, the SEC justifies its decision to grant the first whistleblower a larger award than the second. According to the SEC, the first whistleblower’s disclosure included high quality about an issue which “was the basis for the bulk of the sanctions in the Covered Action” whereas the second whistleblower’s disclosure did not touch on this pivotal issue. Furthermore, the first whistleblower provided significant ongoing assistance to the SEC staff while the second whistleblower did not.

Since issuing its first award in 2012, the SEC has awarded approximately $1.2 billion to 247 individuals. Before blowing the whistle to the SEC, individuals should first consult an experienced SEC whistleblower attorney to ensure they are fully protected under the law and qualify for the largest award possible.

*Geoff Schweller also contributed to this article.*

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