

## What is a whistleblower reward?



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### Whistleblower Rewards for Reporting Wrongdoing

A whistleblower reward is a monetary incentive offered by the government to individuals for exposing certain wrongdoing. Federal laws require the government to reward whistleblowers with a percentage of the money that it recovers as a result of their tip. Whistleblowers may receive up to 30% of the total monetary recovery as a reward.

In the United States, there are four main whistleblower reward programs:

- [SEC Whistleblower Reward Program](#): whistleblower rewards for reporting violations of the federal securities laws;
- [CFTC Whistleblower Reward Program](#): whistleblower rewards for reporting violations of the Commodity Exchange Act;
- [IRS Whistleblower Reward Program](#): whistleblower rewards for reporting tax fraud or underpayments; and
- False Claims Act / Qui Tam Lawsuits: whistleblower rewards for reporting fraud against the government.

Importantly, each whistleblower program has different rules and procedures for recovering a reward.

## SEC Whistleblower Reward Program

Under the [SEC Whistleblower Reward Program](#), the SEC will issue awards to whistleblowers who provide original information that leads to enforcement actions with total monetary sanctions (penalties, disgorgement, and interest) in excess of \$1 million. A whistleblower may receive an award of between 10% to 30% of the monetary sanctions collected. The largest award to date is [\\$50 million](#).

The program allows whistleblowers to [submit anonymous tips](#) to the SEC if represented by an attorney. Whistleblowers are also afforded substantial protection against retaliation.

The most common tips to the SEC Office of the Whistleblower involve:

- Accounting fraud;
- Investment and securities fraud;
- Insider trading;
- Foreign bribery and other FCPA violations;
- EB-5 investment fraud;
- Manipulation of a security's price or volume;
- Fraudulent securities offerings and Ponzi schemes;
- Hedge fund fraud;
- Unregistered securities offerings;
- Investment adviser fraud;
- Broker-dealer anti-money laundering program violations;
- False or misleading statements about a company or investment;
- Inadequate internal controls;
- Deceptive non-GAAP financial measures; and
- Violations of auditor independence rules.

To learn more about the SEC Whistleblower Program, download the eBook [SEC Whistleblower Program: Tips from SEC Whistleblower Attorneys to Maximize an SEC Whistleblower Award](#).

The table below identifies some of the larger rewards that the SEC has provided to

whistleblowers:

<b>Whistleblower Award</b>	<b>Date</b>	<b>Basis for Whistleblower Award</b>
<a href="#">\$50 and \$33 million</a>	March 19, 2018	<p>On March 19, 2018, the SEC announced its largest-ever whistleblower awards, with two whistleblowers sharing a nearly \$50 million award and a third whistleblower receiving more than \$33 million.</p>
<a href="#">\$30 million</a>	September 22, 2014	<p>See the SEC's order determining the whistleblowers' award claims <a href="#">here</a>.</p> <p>A foreign whistleblower came to the SEC with "information about an ongoing fraud that would have been very difficult to detect."</p>
<a href="#">\$22 million</a>	August 30, 2016	<p>This award underscores that <a href="#">non-US citizens</a> are eligible whistleblowers in the SEC Whistleblower Program.</p> <p>A former financial executive at Monsanto exposed weaknesses in the company's internal controls that failed to account for millions of dollars in rebates. Monsanto agreed to settle the <a href="#">allegations of accounting fraud</a> for \$80 million.</p>
<a href="#">\$20 million</a>	November 14, 2016	<p>Importantly, external auditors, internal auditors, accountants and other compliance personnel may be eligible for awards under the SEC Whistleblower Program. Indeed, they are often best positioned to discover wrongdoing.</p> <p>According to the SEC's <a href="#">order determining the whistleblower awards</a>, three whistleblowers applied for awards related to the enforcement action. The SEC denied two of the whistleblowers' applications because they did not provide "original information," and issued the full \$20 million award to one whistleblower.</p> <p>A company insider "substantially advanced the agency's investigation and ultimate enforcement action."</p>
<a href="#">\$17 million</a>	June 9, 2016	<p>This award highlights that whistleblowers may receive an award if they provide original information regarding an open SEC investigation if it significantly contributes to the success of the action.</p> <p>Two whistleblowers received awards of more than \$8 million each for providing the SEC with critical information that led to a successful enforcement action.</p>
	November	<p>This award demonstrates how whistleblowers can receive an <a href="#">increased award percentage</a> for providing ongoing, extensive, and timely assistance to the SEC. As</p>

\$16 million  
**Whistleblower** 30, 2017  
**Award** **Date**

### Basis for Whistleblower Award

detailed in the [SEC's order](#), the second whistleblower received the same \$8 million award as the first whistleblower by providing additional significant information and ongoing assistance to the SEC that "enabled the Enforcement staff to more fully and quickly understand the misconduct and to assess the legal consequences... [which] saved a substantial amount of time and resources in the Investigation."

The whistleblower exposed a fraudulent offering that targeted foreign investors who sought to gain a legal pathway to citizenship through the [EB-5 Immigrant Investor Program](#).

\$14 million

September  
30, 2013

Recently, there has been rise in EB-5 investment fraud. Click [here](#) to read more about how to report EB-5 fraud and earn an award.

Three whistleblowers split an award of more than \$7 million after helping the SEC prosecute an investment scheme.

\$7 million

January  
23, 2017

One whistleblower provided information that was the primary reason that the SEC opened an investigation. That whistleblower received a more than \$4 million award. Two other whistleblowers jointly provided new information during the SEC's investigation that [significantly contributed](#) to the success of the SEC's enforcement action. Those two whistleblowers will split more than \$3 million.

An anonymous whistleblower orally provided the SEC with critical information about ongoing securities fraud. Generally, the SEC requires that whistleblower provide information "in writing." However, the SEC waived that requirement in this case due to "highly unusual circumstances" and awarded the whistleblower more than \$5.5 million for the information.

\$5.5 million

January 6,  
2017

This award marks the third time that the SEC has deemed it appropriate to waive a procedural requirement. The most recent exception occurred on July 27, 2017, when the SEC [issued a \\$1.7 million whistleblower award](#) to an insider who failed to comply with all of the whistleblower program's rules and had some culpability in the fraud. The former chief of the SEC whistleblower office said that these awards underscore the SEC's discretionary authority to do what justice requires.

A former company insider's detailed tip led the agency to uncover securities violations that would have been nearly impossible for it to detect but for the

May

Whistleblower Award	Date	Basis for Whistleblower Award
<a href="#">\$5 million</a>	17, 2016	whistleblower's information. The SEC's press release noted that employees are often best positioned to witness wrongdoing.
<a href="#">\$4 million</a>	April 25, 2017	The SEC issued the \$4 million award to an anonymous whistleblower who provided information that led another governmental authority (not the SEC) to a successful enforcement action resulting in significant monetary sanctions.  This award highlights that SEC whistleblowers are still eligible for an award when they provide information to the SEC that leads other governmental authorities to successful enforcement actions resulting in monetary proceeds in excess of \$1 million.  The SEC issued the award to an anonymous whistleblower for "alter[ing] the agency to a fraud."
<a href="#">\$4 million</a>	September 30, 2016	The lack of publicly available information about the anonymous whistleblower and the enforcement action underscores how serious the SEC is about protecting whistleblower's. Under the program, whistleblower may report anonymously through an SEC whistleblower attorney.  The whistleblower "bolstered an ongoing investigation with additional evidence of wrongdoing" which helped the SEC during settlement discussions with the company.
<a href="#">\$3.5 million</a>	May 13, 2016	This award underscores how whistleblowers may still receive an award even if the SEC already has an open investigation into a matter.
<a href="#">\$3.5 million</a>	December 5, 2016	A whistleblower received an award of \$3.5 million for providing original information to the SEC that led to a successful enforcement action. The press release states: "Whistleblowers do a tremendous service to the investing public and we will continue to reward those who come forward with valuable tips that help us bring successful cases against those who violate the securities laws."

### CFTC Whistleblower Reward Program

Under the [CFTC Whistleblower Reward Program](#), the CFTC will issue awards to whistleblowers who provide original information about violations of the Commodity Exchange Act that leads to enforcement actions with total monetary sanctions in excess of \$1 million. A whistleblower may receive an award of between 10% to 30% of the monetary sanctions collected. In April 2016, a whistleblower received a reward of more than [\\$10 million](#).

The program allows whistleblowers to [submit anonymous tips](#) to the CFTC if represented by an attorney. Whistleblowers are also afforded substantial protection against retaliation.

## **IRS Whistleblower Reward Program**

Under the [IRS Whistleblower Reward Program](#), the IRS provides whistleblower rewards to individuals of 15% to 30% of proceeds collected from tax fraud or tax underpayments if:

- the whistleblower provides a tip that the IRS decides to take action on (a whistleblower cannot force the IRS to act on a tip);
- the amount in dispute (the tax underpayment, including interest and penalties) exceeds \$2 million (if the taxpayer is an individual, his or her gross income must exceed \$200,000 for at least one of the tax years in question); and
- the IRS collects tax underpayments resulting from the action (including any related actions).

The largest IRS whistleblower reward to date is [\\$104 million](#), which was issued to Bradley Birkenfeld after he blew the whistle on UBS for helping wealthy Americans hide their assets and evade taxes.

## **False Claims Act / Qui Tam Whistleblower**

The False Claims Act contains a qui tam provision allowing whistleblowers, or qui tam “relators,” to bring suits on behalf of the United States against wrongdoers who are defrauding the government. Whistleblowers are eligible to receive 15% to 30% of monetary recoveries. Whistleblowers are also afforded substantial protection against retaliation under the Act.

In fiscal year 2017 alone, qui tam actions brought by whistleblowers resulted in \$3.4 billion in settlements and judgments, and the government paid \$392 million in whistleblower awards to False Claims Act whistleblowers.

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