

SEC Announces Award to Whistleblower in First Retaliation Case

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The Securities and Exchange Commission today announced a maximum whistleblower award payment of 30 percent of amounts collected in connection with *In the Matter of Paradigm Capital Management, Inc. and Candace King Weir*, File No. 3-15930 (June 16, 2014), the SEC's first retaliation case. The whistleblower will receive over \$600,000 for providing key original information that led to the successful SEC enforcement action. The whistleblower in this matter suffered unique hardships, including retaliation, as a result of reporting to the Commission.

The SEC charged Paradigm with retaliating against the whistleblower after the firm learned that the whistleblower reported potential misconduct to the Commission. Paradigm immediately engaged in a series of retaliatory actions against the whistleblower including removing the whistleblower from the whistleblower's then-current position, tasking the whistleblower with investigating the very conduct the whistleblower reported to the SEC, changing the whistleblower's job function, stripping the whistleblower of supervisory responsibilities, and otherwise marginalizing the whistleblower.

"We appreciate and recognize the sacrifice this whistleblower made and the important role the whistleblower played in the success of the SEC's first anti-retaliation enforcement action," said Andrew Ceresney, Director of the SEC's Division of Enforcement. "The Enforcement Division is committed to taking action when appropriate against companies and individuals that retaliate against whistleblowers."

Sean McKessy, Chief of the SEC's Office of the Whistleblower, added, "Retaliation against whistleblowers is entirely unacceptable. The underlying action against Paradigm and the award to the whistleblower demonstrates the Commission's continued support of its whistleblower program." Mr. McKessy continued, "My hope is that the award today encourages potential whistleblowers to come forward in light of our demonstrated commitment to protect them against retaliatory conduct and make significant financial awards to whistleblowers who suffer employment hardships as a result of reporting possible securities law violations."

The SEC's whistleblower program rewards high-quality, original information that results in an SEC enforcement action with sanctions exceeding \$1 million. Whistleblower awards can range from 10 percent to 30 percent of the money collected in a case. The money paid to whistleblowers comes from an investor protection fund established by Congress. The fund is financed through monetary sanctions paid by securities law violators to the SEC. Money is not taken or withheld from harmed investors to pay whistleblower awards.

To date, the SEC has awarded 17 whistleblowers since its whistleblower program began more than three years ago. Payouts now total over \$50 million.

For more information about the whistleblower program and how to report a tip, visit www.sec.gov/whistleblower.