

[Securities Regulation Daily Wrap Up, WHISTLEBLOWER NEWS—SEC announces record \\$114 million award, \(Oct. 22, 2020\)](#)

Securities Regulation Daily Wrap Up

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The SEC's order explained that the whistleblower who received the record award had submitted more detailed information than had another claimant whose application was denied.

The SEC announced a record whistleblower award made to one individual who provided information about wrongdoing at a company that resulted in enforcement actions against the company by the SEC and another agency. Specifically, the whistleblower received an aggregate award of \$114 million that divides into \$52 million related to an SEC case and \$62 million for related actions undertaken by the other agency. The SEC's award surpasses the agency's previous record award of \$50 million to an individual. ([Release No. 34-90247](#), October 22, 2020).

SEC Chairman Jay Clayton emphasized the SEC's commitment to the agency's whistleblower program in a statement that was included in a [press release](#) announcing the record award. "Whistleblowers make important contributions to the enforcement of securities laws and we are committed to getting more money to whistleblowers as quickly and as efficiently as possible."

The SEC's order said that the whistleblower, identified by law only as Claimant 1, voluntarily submitted original information that led the SEC to open an investigation into the company, and for the SEC and another agency to successfully bring enforcement actions against the company. Claimant 1 also reported internally and incurred "serious personal and professional hardships" because of his/her whistleblower status. Moreover, as compared to Claimant 2, Claimant 1 provided more detailed information that he/she backed up with "compelling documentation."

Jane Norberg, Chief of the SEC's Office of the Whistleblower, characterized as "extraordinary" the actions taken by Claimant 1. "After repeatedly reporting concerns internally, and despite personal and professional hardships, the whistleblower alerted the SEC and the other agency of the wrongdoing and provided substantial, ongoing assistance that proved critical to the success of the actions," said Norberg.

Claimant 2 contested his/her denial of a whistleblower award. According to Claimant 2, he/she had made it possible for the SEC to open an investigation of the company by having "laid the groundwork" for such action and by contributing to the SEC's decision to issue its first request letter to the company. However, the SEC concluded that Claimant 2 provided his/her information "several years" after an investigation had already been opened, the information submitted was not related to the SEC's charges against the company, the information had no impact on the SEC's enforcement action, and the information did not precipitate the SEC's first request letter to the company. Also, as previously mentioned, the SEC suggested that Claimant 2's information was less detailed than the information provided by Claimant 1.

Claimants 3 and 4 also were denied whistleblower awards. Claimants 3 and 4 argued that their information was material and had pressured the company to resolve the SEC's enforcement action rather than face the prospect of additional investigations. The SEC, however, said staff did not recall any communications with the company in which assurances were sought regarding there being no further investigations. The SEC also said that its investigation was substantially complete by the time Claimants 3 and 4 submitted their information. Claimant's 3 and 4 also had argued that their theory about assurances to the company regarding future investigations were confirmed by a news article. The SEC concluded otherwise because the settlement talks between the SEC and the company were completed before the news article was published.

Claimants 2, 3, and 4 also were found preliminarily not to be eligible for awards in the related actions because they were ineligible for awards in the covered action, a conclusion upheld in the SEC's order. Moreover, according to a footnote in the SECs' order, whistleblower award applications submitted by Claimants 5 and 6 also were preliminarily denied and these claimants did not dispute the preliminary determinations resulting in the denials.

The SEC has awarded \$676 million to 108 individuals since the inception of the whistleblower program in 2012, said today's press release. The SEC's [website](#) for the Office of the Whistleblower indicated that the latest record amount of \$114 million leads a top ten awards list in which the smallest amount is \$22 million:

- \$114 million (October 22, 2020).
- \$50 million (March 19, 2018).
- \$50 million (June 4, 2020).
- \$39 million (September 6, 2018).
- \$37 million (March 26, 2019).
- \$33 million (March 19, 2018).
- \$30 million (September 22, 2014).
- \$27 million (April 16, 2020).
- \$22 million (September 30, 2020).
- \$22 million (August 30, 2016).

The release is [No. 34-90247](#).

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