

SEC Whistleblower Receives \$27 Million, Total Awards Surpass \$430 Million

By ML McLaren

Despite the slowing down of markets due to the COVID-19 pandemic, April 2020 has been a prolific month for the Securities Exchange Commission. The agency's Office of the Whistleblower has announced a \$27 million award followed by a \$5 million award.

Upon the announcement of the \$27 million award, the agency hailed it as a milestone for its whistleblower program, which brought the total amount of SEC whistleblower awards "over the \$400 million mark." Up until April 20th, 2020, that number has risen to \$430 million, awarded to 80 whistleblowers over eight years. In 2019 alone, the agency received more than 5,200 tips from over 70 countries.

The \$27 million award surpassed the SEC panel's initial recommendation. The agency said in a statement that the award recipient

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provided information about misconduct "occurring, in part, overseas," and tried to report internally on multiple occasions before contacting the SEC. The unusually high amount of the award reflected the whistleblower's "substantial amount of ongoing assistance and cooperation" and the many "critical investigative leads" they provided, the Commission explained.

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boasts a lengthy track record assisting whistleblowers in the financial sector.

SEC Whistleblower Awards Over \$1 Million January-April 2020

\$5 million awarded to a tipster for providing “critical evidence of wrongdoing, which helped save time and resources in the SEC’s investigation, and the whistleblower suffered a unique hardship as a result of raising concerns internally.”

\$27 million award recognizes ongoing assistance and crucial leads in fraud case involving a foreign country.

\$2 million awarded to an informer who was repeatedly threatened by fraudsters after deciding to blow the whistle

\$1.6 million awarded to a whistleblower who helped the SEC stop financial fraud at a very early stage.

Whistleblower awards are reserved for tipsters who provide the SEC with original information about securities fraud, leading to a successful enforcement action that results in sanctions surpassing \$1 million. Awards range from 10 to 30 percent of the total amount collected from monetary sanctions. In order to grant a high award percentage, the agency takes into account the extent and nature of the whistleblower’s assistance during the fraud investigation. ■