

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 100605 / July 26, 2024

WHISTLEBLOWER AWARD PROCEEDING  
File No. 2024-31

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In the Matter of the Claims for an Award

in connection with

Redacted

Redacted

Notice of Covered Action Redacted

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**ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS**

The Claims Review Staff (“CRS”) made a Preliminary Determination recommending that: (i) <sup>Redacted</sup> (“Claimant 10”) receive a whistleblower award of more than \$37,000,000 which represents <sup>\*\*\*</sup> percent (<sup>\*\*\*</sup> %) of the monetary sanctions collected in the above-referenced Covered Action (the “Covered Action”); and (ii) the award claims of <sup>Redacted</sup> (“Claimant 4”), <sup>Redacted</sup> (“Claimant 5”), and <sup>Redacted</sup> (“Claimant 9”) be denied. Claimant 10 provided written notice of Claimant 10’s decision not to contest the Preliminary Determination. Claimants 4, 5 and 9 filed timely responses contesting their Preliminary Determinations. <sup>1</sup> For the reasons discussed below, the CRS’s recommendations are adopted.

**I. BACKGROUND**

**A. The Covered Action**

The underlying investigation that led to the Covered Action, arose out of the failure of employees of <sup>Redacted</sup> (the “Firm”), <sup>Redacted</sup> imposed on <sup>Redacted</sup>

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<sup>1</sup> The CRS also recommended the denial of the award applications of eight other claimants who did not contest the Preliminary Determinations. Accordingly, the Preliminary Determinations with respect to those eight award claims became Final Orders of the Commission through operation of Exchange Act Rule 21F-10(f), 17 C.F.R. § 240.21F-10(f).



Exchange Act and Rules 21F-3(a)(3) and 21F-4(c) thereunder. Claimants 4, 5, and 9 all submitted timely written responses contesting the Preliminary Determinations.<sup>3</sup>

## II. ANALYSIS

### A. Claimant 10 Analysis

Claimant 10 voluntarily provided original information to the Commission that led to the successful enforcement of the Covered Action pursuant to Section 21F(b)(1) of the Exchange Act and Rule 21F-3(a) promulgated thereunder. Claimant 10 directly provided Commission staff with significant information and sworn testimony about the conduct of Claimant 10's colleagues and the integrity of the Firm's internal investigation which aided the investigation and significantly contributed to the outcome of the Covered Action.

We agree that Claimant 10 should receive an award of \*\*\* percent (\*\*\*) of the monetary sanctions collected in the Covered Action. In determining the amount of award, we considered the following factors set forth in Rule 21F-6 of the Exchange Act as they apply to the facts and circumstances of Claimant 10's application: (i) the significance of information provided to the Commission; (ii) the assistance provided in the Covered Action; (iii) the law enforcement interest in deterring violations by granting awards; (iv) participation in internal compliance systems; (v) culpability; (vi) unreasonable reporting delay; and (vii) interference with internal compliance and reporting systems.

In evaluating the amount of the award, we considered that Claimant 10's information was, according to a sworn staff declaration which we credit,<sup>4</sup> "the impetus" for the Firm to report the misconduct to the Commission staff and, in addition, the information Claimant 10 provided directly to the Commission staff was "very helpful" during the investigation that led to the success of the Covered Action. Claimant 10's persistence in internally reporting the improper conduct occurring at the Firm, despite the Firm's initial failure to act on Claimant 10's report, led to the Firm's ultimate investigation and exposure of this misconduct, and its self-report to the Commission, which then caused the Commission to open its investigation. Further, without Claimant 10's ongoing, extensive and timely assistance during the course of the investigation, including answering the staff's questions and providing sworn testimony which the staff found to be "candid and credible," the staff would not have learned the full context and dimension of the Firm's misconduct. Claimant 10's information allowed the staff to save considerable time in its investigation of the Firm's violations, thus conserving Commission resources. Finally, we find credible Claimant 10's assertions that he/she was retaliated against by his/her supervisors and other senior employees for his/her whistleblowing, including receiving a negative performance review

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<sup>3</sup> Claimant 10 informed the Office of the Whistleblower ("OWB") that he/she would not be contesting the Preliminary Determination.

<sup>4</sup> The whistleblower rules contemplate that the record upon which an award determination is made shall consist of, as relevant here, sworn declaration(s) provided by the relevant Commission staff, in addition to the publicly available materials related to the Covered Action, the claimant's tip, the claimant's award application, and any other materials timely submitted by the claimant in response to the Preliminary Determination. *See* Exchange Act Rule 21F-12(a), 17 C.F.R. § 240.21F-12(a).

and a sharply lower bonus than the previous year, despite meeting the performance goals the Firm had set for Claimant 10.

## B. Claimants 4, 5 and 9 Responses and Analysis

In their requests for reconsideration, Claimants 4, 5 and 9 assert that they provided the Commission with important information of wrongdoing and that, therefore, they should receive whistleblower awards. However, we find no merit to their contentions and, accordingly, conclude that their information did not lead to the success of the Covered Action.

None of the information provided by Claimants 4, 5 or 9 caused the opening of the underlying investigations or caused staff to inquire into different conduct. Neither did any of their information significantly contribute to the success of the Covered Action. Moreover, none of the contentions raised by Claimants 4, 5 or 9 refute the fact that the staffs that investigated and brought the Covered Action did not receive any information from, or have any communications with, them during their investigations. Nor was any of their information reviewed by the staffs, or helpful to the resolution of, the Covered Action. Moreover, the allegations and arguments raised by Claimants 4 and 5 in their reconsideration requests are vague and do not relate to the issues that were the subject of the Covered Action.<sup>5</sup>

Claimant 9 notes that he/she provided information to the Commission that caused a staff attorney to reach out to him/her to follow-up on Claimant 9's tip. Claimant 9 surmises that the staff attorney's interest "could well have caused SEC investigators to request records that had not been previously produced, or to look for discrepancies in records that had been previously produced." The record, however, shows that the staff attorney did not forward Claimant 9's allegations to anyone at the Commission investigating or examining the <sup>Redacted</sup> issues involved in the Covered Action. Instead, according to a sworn staff declaration which we credit,<sup>6</sup> the staff attorney's team closed its review of Claimant 9's TCR with an NFA disposition.<sup>7</sup> The declaration further noted that when the staff attorney's team closed its review of Claimant 9's allegations, it stopped reviewing his/her allegations and that the staff attorney's team did not share Claimant 9's allegations with the investigations that led to the Covered Action.

## III. CONCLUSION

Accordingly, it is hereby **ORDERED** that: (i) Claimant 10 shall receive an award of

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<sup>5</sup> Claimant 4 vaguely alleges in his/her award claim and reconsideration request that the information he/she provided the Commission concerned his/her wrongful termination by his/her employer, <sup>Redacted</sup>, due to his/her whistleblowing, as well as his/her employer's and the Firm's retaliation and harassment against Claimant 4. Claimant 5 alleges in his/her award claim and reconsideration request that the Firm was engaged in on-going schemes with the <sup>Redacted</sup>, and various entities concerning certain limited partnerships of which Claimant 5 has an investment interest designed to provide the perpetrators with <sup>Redacted</sup>.

As noted, the <sup>Redacted</sup> Covered Action concerned <sup>Redacted</sup>. Neither Claimant 4 nor Claimant 5's information addressed such violations.

<sup>6</sup> See *supra* note 4.

<sup>7</sup> An "NFA" or "No Further Action" disposition indicates that the staff does not recommend taking any additional steps with respect to a TCR unless subsequent information leads staff to reopen or reexamine that TCR.

\*\*\* percent (\*\*\* %) of the monetary sanctions collected in the Covered Action; (ii) the award claims of Claimants 4, 5 and 9 be denied.

By the Commission.

Vanessa A. Countryman  
Secretary