

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96076 / October 14, 2022

WHISTLEBLOWER AWARD PROCEEDING
File No. 2023-03

In the Matter of the Claims for Awards

in connection with

Redacted

Notice of Covered Action Redacted

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS

The Claims Review Staff (“CRS”) issued Preliminary Determinations recommending that Redacted (“Claimant 1”) receive a whistleblower award in the amount of more than \$500,000, which represents Redacted percent (***%) of the monetary sanctions collected in the above-referenced Covered Action (the “Covered Action”), and that Redacted (“Claimant 2”) receive a whistleblower award in the amount of more than \$500,000, which represents Redacted percent (***%) of the monetary sanctions collected in the Covered Action. In recommending that each Claimant be found eligible for an award, the CRS recommended that the Commission exercise its general exemptive authority to waive the TCR-submission requirements under Securities Exchange Act of 1934 (“Exchange Act”) Rules 21F-9(a) and (b) for both Claimants. Both Claimants declined to contest the Preliminary Determinations.

The recommendations of the CRS are adopted. The record demonstrates that Claimants 1 and 2 each voluntarily¹ provided original information to the Commission, and that this

¹ Under Exchange Act Rule 21F-4(a)(1), a claimant satisfies the voluntariness requirement “if [they] provide [their] submission before a request, inquiry, or demand that relates to the subject matter of [their] submission is directed to” them by the Commission. Although Claimant 1 did not directly submit information to the Commission before the Commission reached out to him/her for assistance, the Commission finds that Claimant 1 satisfied the voluntariness requirement in the unusual circumstances of this case. Claimant 1 and Claimant 2 met before Claimant 2 first submitted information about a fraud involving various entities (the “Entities”) to the Commission. Claimant 1 believed that Claimant 2 was acting on his/her behalf in submitting Claimant 1’s information about the Entities to

information led to the successful enforcement of the Covered Action by causing Enforcement staff to open the investigation that led to the Covered Action.²

Neither Claimant timely submitted a Form TCR to the Commission, and neither Claimant has established eligibility for a waiver under Exchange Act Rule 21F-9(e) of his/her initial noncompliance with the TCR-submission requirement. However, we have determined that it would be in the public interest and consistent with the protection of investors for the Commission to exercise our discretionary authority under Section 36(a) of the Exchange Act to waive the TCR-submission requirements of Rules 21F-9(a) and (b)³ as to each Claimant in light of the specific facts and circumstances present here. Both Claimants provided ^{Redacted} ^{Redacted} that were crucial to Enforcement staff's efforts ^{Redacted} ^{Redacted} Claimant 1 and counsel who represented Claimant 1 ^{Redacted} had miscommunications that led Claimant 1 to erroneously believe that no further steps were necessary for Claimant 1 to establish eligibility for a whistleblower claim. And even though Claimant 2 did not timely submit a TCR with his/her information, the Commission's Office of Market Intelligence generated a TCR based on the information Claimant 2 provided in his/her submission. Claimants 1 and 2 were both instrumental in alerting the Commission to the ongoing fraud.

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the Commission. Claimant 1's belief was not unreasonable when considered in the context of (1) Claimant 1's view that he/she authorized Claimant 2 to submit Claimant 1's information to the Commission; (2) Claimant 1's understanding that Claimant 2 already had contacted the Commission, and Claimant 1's belief that it would be more efficient for his/her information to be combined and organized with Claimant 2's information for another submission to the Commission; (3) Claimant 1's belief that Claimant 2 would have more credibility with the Commission ^{***} ^{Redacted} and (4) Claimant 2's express acknowledgment that Claimant 1 was the source of some of the information in Claimant 2's submissions to the Commission.

² See Rule 21F-4(c)(1).

³ As pertinent here, Rule 21F-9(a) provides that to be eligible for an award, a putative whistleblower must, among other things, submit their information "[o]nline, through the Commission's website located at www.sec.gov, using the Commission's electronic TCR portal (Tip, Complaint, or Referral); [or by m]ailing or faxing a Form TCR to the SEC Office of the Whistleblower..." Rule 21F-9(b) provides that "to be eligible for an award, you must declare under penalty of perjury at the time you submit your information . . . that your information is true and correct to the best of your knowledge and belief."

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In determining how to allocate the award between Claimants 1 and 2, we considered the following: (1) Claimant 1 provided directly to the Commission accounting records relating to the Entities, and Claimant 2 provided directly to the Commission information about the representations made to Claimant 2 as a potential investor; (2) Claimant 1 provided other important information about the Entities' finances to Claimant 2 and authorized Claimant 2 to provide that information to the Commission; (3) Claimant 2 saved Enforcement staff time and resources by organizing and synthesizing information from both Claimants for the Commission; (4)

(5) Claimants 1 and 2 each provided continuing assistance to the Commission by meeting with Enforcement staff; and (6) Claimants 1 and 2 each provided *

Accordingly, it is hereby ORDERED that Claimant 1 shall receive an award of ^{Redacted} percent (^{***} %) of the monetary sanctions collected or to be collected in the Covered Action and Claimant 2 shall receive an award of ^{Redacted} percent (^{***} %) of the monetary sanctions collected or to be collected in the Covered Action.

By the Commission.

Vanessa A. Countryman
Secretary

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