

To: Secretary, Securities and Exchange Commission
From: Talia Finamore
Date: 4/2/2022

To Whom it May Concern,

Thank you for the chance to comment on the proposed amendment changes to the whistleblower program. I support the proposed changes that the SEC has proposed. I believe that the changes will make it easier for potential whistleblowers to come forward and expose wrongdoings. Whistleblowers should be rightfully compensated and not discouraged because other programs would override the SEC and therefore, they might not get as much compensation. Additionally, I agree that whistleblower compensation should only have the chance for increase and not decrease. In my opinion the best approach to whistleblower payouts would be either the Whistleblower Choice or the Offset approach. While it may take a little more time for the SEC to process claims fully, the whistleblowers have already risked enough by exposing the truth, that they should get to decide which reward they receive. Additionally, the Offset approach is also a good option to consider as it allows the whistleblower to receive money from both programs but not actually double dip.

When the SEC is doing a good thing by compensating whistleblowers. Those who come forward might be worried about how their lives will be impacted if they are found out. When §922 of Dodd-Frank was amended to add §21F to the Securities Exchange Act of 1934, more whistleblowers started to come forward.¹ Since §21F, the SEC has paid more than \$1 billion to whistleblower but they have also recovered \$4.8 billion in financial penalties against wrongdoers.² The SEC has also helped protect whistleblowers by protecting their identities. This is important and has helped people come forward as they are worried about how they may be retaliated against for exposing the truth. When Sherron Watkins, of Enron, was exposed as a whistleblower, she was retaliated against by managers and was demoted and eventually blackballed from the industry.³ In order for whistleblowers to feel comfortable coming forward it is important for them to have anonymity and to be rightfully compensated. The changes that the Sec is proposing will help to make sure that whistleblowers are rightfully compensated and kept anonymous.

I do not believe that the approaches that the commission has put forth need additional considerations. The Comparability approach is laid out in a way that is easy to follow and understand how a whistleblower will be awarded by the SEC over another program. The Whistleblower's Choice option, in my opinion is the better option, and does not need any more considerations, as it lets the whistleblower decided which of

¹ Boyle, Douglas M., and Daniel J. Gaydon. "SEC WHISTLEBLOWER PROGRAM EXPANDS: With the success of the SEC Whistleblower Program, management accountants have the opportunity to help prepare for the increase in wrongdoing detection and protections." *Strategic Finance* 101, no. 5 (2019): 39+. Gale Academic OneFile (accessed April 2, 2022).
https://link.gale.com/apps/doc/A608073001/AONE?u=auraria_main&sid=bookmark-AONE&xid=83f5fcd3

² Ibid

³ Turner, Jane. "Sherron Watkins: WNN Exclusive Interview." *Whistleblower Network News*, 24 Sept. 2021, <https://whistleblowersblog.org/podcasts/sherron-watkins-part-two-wnn-exclusive-interview/>.

the payouts is larger. I agree that there should be a clause that says that the whistleblower has to pick one award over the other and have to waive the other award. My only worry would be how much more time the Commission would have to put into processing applications. It would be nice to know how long the average application takes in order to determine which approach is better. The offset approach has some language that may off put people. For example, *“the Commission could reduce the amount it paid on its related-action award.”* Does that mean that the commission may or may not reduce the reward by the amount of the other program? In order for this to work I think the language needs to be reconsidered to say that the Commission will reduce the award by the amount of the other program. The topping-off approach feels confusing in how it would be implemented and that the offset approach would be the better of these two options.

Both the Comparability and Whistleblower’s Choice approaches state how to deal with multiple whistleblowers clearly, but I still have a few questions. Would neither of these approaches be available to whistleblowers who acted jointly? I think that there needs to be more clarification on if these approaches apply to that situation. For the Comparability act, if the commission decides one of the whistleblowers will receive more through an alternative program will that automatically affect the other whistleblower, or could one whistleblower be better with the commission’s payout and the other be better with another program? This question is what make the Whistleblower’s choice the better approach as each whistleblower gets to choose which reward, they receive.

Under the current rules and the two of the approaches proposed, whistleblowers would not be allowed to take money from the Commission and another comparable program. If the SEC adopted the offset approach the whistleblower could be awarded from both. The offset approach is a good approach as it allows the whistleblower to benefit from both programs but not actually double dip. The offset program could help the SEC because another program would be paying a part of the reward and the SEC would take that amount out of the reward given. Both the Whistleblower and the SEC could benefit from the offset approach as the whistleblower will get the amount they deserve without double dipping and the SEC would be able to award those who have already received another award. If a whistleblower knows that they may be rightfully compensated from the SEC and another program, they may feel more inclined to come forward with information.

I believe that Rule 21F3(b)(3) should be changed as the proposed changes will help to clarify with comparable whistleblower programs instead of just the Commodity Futures Trading Commission (“CFTC”). By clarifying how a whistleblower would get to choose between the awards it might make them more comfortable coming forward instead of thinking that they will not get the SEC award, which may be higher, because they qualify for an award under CFTC instead. By giving a whistleblower a choice, offsetting or even topping off the whistleblower will feel more comfortable with the risk of coming forward.

If the Commission were to adopt either the Comparability or Whistleblower Choice approach, they need to be clear with potential whistleblowers that they can receive awards from one program. Any penalties of consequences of breaking the rules

also need to be clearly stated. I agree that the Commission should take additional steps to ensure that the claimants have notice of the potential consequences. This will help to eliminate any confusion people may have and cut down on any excuses that a whistleblower might make for double dipping.

I think that the time period constraints should be looked at on a case-to-case basis. Each case is different and by putting time limits, there is a possibility for rushed and missed work. A whistleblower may need time to gather the right information and can't fully do it in a specific time period. By implementing time constraint some whistleblowers may not want to expose the truth, because they feel rushed into getting information. Additionally, they may not get all the information and only provide the Commission with some of the truth because they feel rushed.

Conclusion

In my opinion the SEC is doing the right thing with both the proposed changes. I believe that the SEC should either adopt the offset or the whistleblower choice options. These two options seem to be the most beneficial for both the SEC and the whistleblower. These two approaches are the easiest of the four approaches for the average person to understand. Additionally, these approaches would not off put potential whistleblowers because of worries about money should they be retaliated against.

Thank you,

Talia Finamore