

**COMMENTS ON PROPOSED AMENDMENTS TO WHISTLEBLOWER PROGRAM  
RULES**

Mr. Brent J. Fields:

**RE: File Number S7-16-18**

Dear Mr. Fields,

I appreciate the opportunity to comment on the above referenced proposed rule changes (the “Proposed Rule Changes”) by the Securities and Exchange Commission (the “Commission” or “SEC”).

If implemented, the Proposed Rule Changes would significantly disincentivize would-be Whistleblowers from reporting wrongdoing to the Commission and therefore hinder the SEC’s ability to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

Specifically, the vague language that would allow the SEC to deny a Whistleblower an award or protections based on whether the information is “publicly” available is of grave concern. As Congress and the SEC is well aware, Harry Markopolos was able to detect one of the largest ponzi-schemes in history using publicly available knowledge and information. However, it took extraordinary efforts on his part to report this wrongdoing and was routinely turned down by SEC Staff, who were none-the-wiser, and unable/unwilling to detect the fraud themselves. If the SEC implements the proposed rules as written, the broad discretion given to the SEC to deny Whistleblowers based off the source of the information will lead to less Whistleblowers willing to come forward and significantly fracture the Whistleblower program.

The language used by the SEC is beyond scary to a Whistleblower who is thinking of mortgaging his future professional and personal life in order to help the SEC carry out its mission - not only that but the Congressional intent and legislative history specifically took input from Harry Markopolos and at no point was there discussion or even intent to deny Whistleblowers the right to report fraud based on public information, to the contrary the intent and plain reading of the statutes specifically provides for and was meant to encourage other individuals like Harry Markopolos who can report significant fraud that is off the SEC’s radar.

I would encourage the SEC to review the Congressional intent and legislative history of Dodd-Frank as well as watch video Congressional testimonies that clearly illustrate why implementing the Proposed Rule Changes would be disastrous to the effectiveness of the Whistleblower program as well as to the confidence in our financial markets.

To illustrate this point further, I wish to enquire to the SEC what exactly does “reasonably apparent” mean? The attached document is a screenshot of an EDGAR filing that shows a company under the SEC’s jurisdiction violating Cybersecurity regulations and SEC rules by posting their companies bank account credentials online.<sup>1</sup> Would the SEC consider this “reasonable apparent” because the data is on a public SEC website? If so, where is the line drawn?

Anonymous

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<sup>1</sup> This was reported to the SEC in 2015, yet no apparent action to remove the sensitive information or investigation of the subject entity has taken place.



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**Source:**

<https://www.sec.gov/Archives/edgar/data/1497074/000114420415005996/ex4-25pg11.jpg>