

December 18, 2018

**VIA ELECTRONIC MAIL AND REGISTERED MAIL**

Mr. Brent Fields, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: Petition for Rulemaking and Policy Statement the SEC Whistleblower Program**

Dear Mr. Fields:

Pursuant to Rule 192 of the Rules of Practice of the United States Securities and Exchange Commission, I write on my own behalf, voicing my personal concerns and the concerns of numerous similarly situated persons, to respectfully request that the Commission clarify, improve, and strengthen certain aspects of the SEC Whistleblower Program.

Please find the attached rulemaking petition that urges the Commission, among other things, to increase transparency, provide additional guidance to whistleblowers, implement policies to prevent delays, set deadlines for whistleblower claim processing, engage in appropriate rulemaking and issue a policy statement outlining the initiatives and efforts the SEC will undertake to support current and would-be-whistleblowers.

Since Dodd-Frank was enacted in 2010, the SEC Whistleblower Program has enabled the SEC to become more effective and efficient in policing the marketplace. Most recently, the SEC Whistleblower Program has lead to record payouts and significant enforcement actions as a result of courageous whistleblowers who mortgaged their professional and personal future in an effort to protect others from wrongdoing.

Unfortunately, while the large payouts continue to make headlines, there exist many lurking issues that could prove fatal to the continued success of the SEC Whistleblower Program . Until these and other problem areas are addressed, hundreds if not thousands of whistleblowers will make a conscious decision not to report wrongdoing to the SEC, quiet simply because the SEC Whistleblower Program provides little guidance or support to whistleblowers and has been documented and publicly reported to be understaffed, non-transparent, painfully slow, poor at communication, and extremely inefficient at utilizing their current resources.

Respectfully submitted,

Taylor Scott Amarel



Enclosures

CC: Chairman Clayton, Commissioner Stein, Commissioner Jackson, Commissioner Peirce, Commissioner Roisman, Co-Director Avakian, Co-Director Peikin, Chief Norberg.

Taylor Scott Amarel  
Researcher | Private Investigator | Whistleblower

December 18, 2018

**VIA ELECTRONIC MAIL AND REGISTERED MAIL**

The Honorable Jay Clayton  
US Securities and Exchange Commission  
100 F Street, NE  
Washington DC 20549

Dear Mr. Clayton:

I write on my own behalf, voicing my personal concerns and the concerns of numerous similarly situated persons, to express growing concern for the extremely damaging inefficiencies and poor operating practices of the Office of the Whistleblower. Concerns over poor performance of the Office of the Whistleblower have been growing since at least 2015<sup>1</sup> and unless prompt action is taken the efficacy of the SEC Whistleblower Program will be largely undermined.

I invite you and your staff to review the enclosed information and take prompt action to address the concerns via a new rulemaking or by way of incorporating the requests in this petition into File No.: S7-16-18.

Should you have any questions or concerns or would like to receive additional information regarding my concerns please do not hesitate to contact me further at

[REDACTED]

Respectfully submitted,



Taylor Scott Amarel

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<sup>1</sup> [https://www.warren.senate.gov/files/documents/SEC\\_Whistleblower\\_Letter\\_111615.pdf](https://www.warren.senate.gov/files/documents/SEC_Whistleblower_Letter_111615.pdf)

| PROBLEM AND EXAMPLES   | DAMAGING RESULTS   | PROPOSED SOLUTION / RULEMAKING  |
|--|--|---|
| <p><b>Poor Communication</b></p> <ul style="list-style-type: none"> <li>● OWB Staff are slow to respond to queries and requests for assistance. Numerous follow-ups are needed to get a basic response;</li> <li>● On multiple occasions OWB Staff provided incorrect instructions on how to submit partitioned files larger than 10MB;</li> <li>● OWB Staff routinely do not provide confirmation on whether a Form WB-APP has been accepted for processing;</li> </ul> | <ul style="list-style-type: none"> <li>● Whistleblowers quickly lose confidence in the OWB and feel ignored which results in less tips;</li> <li>● As a result important whistleblower information did not make it to the OWB for nearly a year, delaying an investigation and allowing wrongdoing to continue longer;</li> <li>● OWB Staff should promptly confirm receipt of messages and follow a consistent protocol for receiving claim forms;</li> </ul> | <p>The SEC should:</p> <ol style="list-style-type: none"> <li>1. Require a response to email inquiries within 3 business days;</li> <li>2. Provide whistleblowers with proper instructions on how to submit files that are larger than 10MB and create policies that allow whistleblowers to use the large file upload systems already used by the SEC;</li> <li>3. Require a response to all Form WB-APPs within 3 business days;</li> </ol>                   |
| <p><b>Lack of Transparency</b></p> <ul style="list-style-type: none"> <li>● Unlike other federal agencies - the OWB does not provide any estimates on how long the whistleblower adjudication process will take;</li> <li>● OWB Staff provide conflicting answers on the requests for information. On one occasion OWB Staff stated claims are processed in a first in first out basis while other times OWB Staff state they have a TRIAGE system in place;</li> </ul>  | <ul style="list-style-type: none"> <li>● Whistleblowers are unable to estimate when they could receive compensation. This uncertainty causes many whistleblowers to not file a tip;</li> <li>● Whistleblowers become more confused and lose confidence in the OWB. Not only do they not get an estimate timeline but the conflicting answers from the OWB make it feel like the OWB doesn't know what they are doing either;</li> </ul>                        | <p>The SEC should:</p> <ol style="list-style-type: none"> <li>1. The OWB should publicly post estimates on how long whistleblower claims take to adjudicate. The OWB should also list the total number of claims in the queue;</li> <li>2. The OWB should be transparent about its TRIAGE process. If the OWB is not transparent would-be-whistleblowers will not feel comfortable making tips and will not have confidence in the OWB's operations;</li> </ol> |
| <p><b>Lack of Guidance to Whistleblowers:</b></p> <ul style="list-style-type: none"> <li>● The OWB does not provide any guidance on what type of information they are looking for - let alone what format it should be submitted in. Furthermore, SEC Staff provide different and conflicting advice on how to submit tips;</li> </ul>   | <ul style="list-style-type: none"> <li>● Whistleblowers become confused and discouraged from submitting information because the OWB Staff may instruct whistleblowers to submit 'short' tips while enforcement staff tell the whistleblower they need to submit more details and redo their tips;</li> </ul>   | <p>The SEC should:</p> <ol style="list-style-type: none"> <li>1. Create standards and publish examples of what a quality whistleblower tip looks like. This should include guidance on how to submit large files such as videos, databases, etc;</li> </ol>   |

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| <ul style="list-style-type: none"> <li>● The various forums or industry events that OWB Staff attend are usually only open to lawyers or are prohibitively expensive for many people to attend. This leaves whistleblowers with a precarious choice - to either navigate the non-transparent whistleblower process themselves or attempt to retain counsel;</li> </ul>   | <ul style="list-style-type: none"> <li>● Many would be whistleblowers are unable to obtain counsel due to work, family, or financial obligations. Although many state that most whistleblower lawyers work on contingency this does not mean it is free for the whistleblower who has to sacrifice time, money, and incidental expenses just to search for an attorney - a process that could very well be detected by an employer;</li> </ul>   | <ol style="list-style-type: none"> <li>2. Provide these resources in a easy to understand manner so whistleblowers are not burdened or forced to retain counsel to parse through the inconsistent statements of the SEC and OWB;</li> </ol>  |
| <p><b>Non-Optimal Processing Policies:</b></p> <ul style="list-style-type: none"> <li>● Numerous meritorious whistleblower claims have been irrationally put on a complete hold as the OWB parses through appeals that are related to the same covered action, this cases delays which have been known to exceed many years<sup>1</sup> - even after a favorable preliminary determination was accepted;</li> </ul>  | <ul style="list-style-type: none"> <li>● Whistleblowers are becoming aware that the reward process can take years if not decades. As a result numerous whistleblowers are deciding a potential payout after five years is not worth the sacrifice and uncertainty of reporting wrongdoing now;</li> </ul>  | <p>The SEC should:</p> <ol style="list-style-type: none"> <li>1. Promulgate rules that allow the SEC to make a partial payout of an award while the appeals process drags on. The partial payout can be adjusted based on the percentage of the preliminary determination and the number of whistleblowers pursuing an appeal in the same covered action;</li> </ol>   |
| <p><b>Zero Accountability for Timely Processing of Claims</b></p> <ul style="list-style-type: none"> <li>● From fiscal year 2013 through 2017 and fiscal year 2018 (through July 18) there have been 889 properly-filed WP-APP Forms. (<a href="https://www.sec.gov/files/18-02437-FOIA_R_edacted.pdf">https://www.sec.gov/files/18-02437-FOIA_R_edacted.pdf</a>)</li> </ul> <p>During that same time there were only 126 whistleblower award orders. This averages out to 2.1 whistleblower award orders per month;</p> | <ul style="list-style-type: none"> <li>● At the rate of 2.1 whistleblower Award Orders per month and assuming there are 763 not yet decided whistleblower whistleblower Claims: <ul style="list-style-type: none"> <li>○ A whistleblower that submits a properly-filed whistleblower Claim today can expect to wait 363 months (30.25 years) before a final whistleblower Order</li> <li>○ A whistleblower that submits a whistleblower Tip today can expect to wait 363 months (30.25 years) plus an additional 2-5 years of time for enforcement staff to investigate and/or litigate.</li> </ul> </li> <li>● 30.25 years is a LONG time to wait for a whistleblower award. In fact, it is beyond contemplation and beyond many would-be-whistleblower's own life expectancy (especially so for senior management);</li> </ul> | <p>The SEC should:</p> <ol style="list-style-type: none"> <li>1. Promulgate rules that require the SEC to reach a preliminary award determination within 90 days of the deadline to submit a WP-APP Form. Whistleblowers are required to make their arguments and submit a WP-APP Form within 90 days of a covered action being posted - yet the SEC currently has no deadlines or even guidelines on how long it will take to process the claims and make a preliminary determination. If whistleblowers are held to a 90 day deadline the SEC should be held to similarly rigid deadlines to ensure timeliness;</li> </ol> |

<sup>1</sup> <https://www.wsj.com/articles/bernie-madoffs-legacy-whistleblower-inc-1544245273>