

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 92212 / June 21, 2021

WHISTLEBLOWER AWARD PROCEEDING  
File No. 2021-62

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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”) issued a Preliminary Determination recommending a Redacted percent ( <sup>\*\*\*</sup> %) award, allocated as follows: an award of over \$1,000,000 (equal to <sup>\*\*\*</sup> % of monetary sanctions collected in the Covered Action) to Redacted (“Claimant 1”) and a joint award of over \$270,000 to Redacted (“Claimant 2”) and Redacted (“Claimant 3”) (equal to <sup>\*\*\*</sup> percent ( <sup>\*\*\*</sup> %) of monetary sanctions collected in the Covered Action).<sup>1</sup> Claimant 1 provided written notice of Claimant 1’s decision not to contest the Preliminary Determination; Claimant 2 and Claimant 3 jointly filed a timely response contesting the Preliminary Determination. For the reasons discussed below, the CRS’s recommendations are adopted in all regards.

**I. Background**

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<sup>1</sup> As discussed further below, while the CRS issued the Preliminary Determination prior to the Whistleblower Rule Amendments, Redacted

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**A. The Covered Action**

On <sup>Redacted</sup>, the Commission instituted settled administrative and cease-and-desist proceedings in <sup>Redacted</sup>

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<sup>Redacted</sup>  
<sup>Redacted</sup> the Commission's Orders  
charged

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<sup>Redacted</sup>  
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<sup>Redacted</sup>  
<sup>Redacted</sup> The Commission's Order

found that for the <sup>Redacted</sup>

With respect to the <sup>Redacted</sup> the Commission's Orders charged <sup>Redacted</sup>

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<sup>Redacted</sup> The Commission ordered <sup>Redacted</sup> to pay <sup>Redacted</sup>  
<sup>Redacted</sup> The Commission ordered  
<sup>Redacted</sup>

<sup>Redacted</sup> each have paid the amounts due under the  
Orders.

The Commission also instituted cease-and-desist proceedings against

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This proceeding remains pending.

## **B. The Preliminary Determination**

The CRS issued a Preliminary Determination recommending a total \*\*\*% award, allocated as follows: an award of over \$1,000,000 (equal to \*\*\*% of monetary sanctions collected in the Covered Action) to Claimant 1 and a joint award of over \$270,000 to Claimant 2 and Claimant 3 (equal to \*\*\*% of monetary sanctions collected in the Covered Action). The CRS further recommended (1) that

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be treated as a single Covered Action pursuant to Exchange Act Rule 21F-4(d)(1), and (2) that, pursuant to Rule 21F-4(d)(2), Claimant 1 receive \*\*\*% of any monetary sanctions collected in the separate, related administrative proceeding pending against Redacted, if \$1 million or less are ordered in monetary sanctions.

## **C. Claimants' Responses to the Preliminary Determination**

Claimant 1 provided written notice of Claimant 1's decision not to contest the Preliminary Determination.

Claimant 2 and Claimant 3 jointly submitted a timely written response contesting the

Preliminary Determination.<sup>2</sup> Specifically, Claimant 2 and Claimant 3 argue that they (1) should receive a higher award percentage and (2) should not be treated as joint whistleblowers.

### III. Analysis

The record reflects that all three claimants meet the definition of a whistleblower under Rule 21F-2(a) and satisfy the statutory criteria for a whistleblower award under Rule 21F-3(a). They provided original information that related to a possible violation of the securities laws that had occurred, was ongoing, or was about to occur, and submitted the information in accordance with the requirements of Rule 21F-9. In addition, they provided the information voluntarily, the information was original, and the information led to the successful enforcement by the Commission of an administrative action in which the Commission obtained monetary sanctions totaling more than \$1,000,000. The information provided by Claimant 1 concerning alleged securities violations by Redacted caused Enforcement staff to open an investigation. The information provided by Claimant 2 and Claimant 3 concerning alleged securities violations by Redacted caused Enforcement staff to open a separate investigation. Both investigations culminated in the filing of the Covered Action.

Rule 21F-5(b) provides that if all of the conditions are met for a whistleblower award, the Commission will decide the percentage amount of the award, which must be between 10% and 30% of the monetary sanctions collected. Redacted

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<sup>2</sup> See Exchange Act Rule 21F-10(e), 17 C.F.R. § 240.21F-10(e).

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We find the award allocation is appropriate. In reaching that determination, we assessed the following facts: *First*, Claimant 1 provided detailed and specific information about <sup>Redacted</sup> <sup>Redacted</sup> conduct that played a critical role in the success of the Covered Action. Claimant 1 also provided substantial, ongoing assistance that saved the Enforcement staff considerable time and resources. *Second*, while Claimant 2 and Claimant 3 provided significant information concerning <sup>Redacted</sup> misconduct, their information was limited to potential violations by <sup>Redacted</sup> ; in contrast to Claimant 1, they did not provide any investigative leads with respect to <sup>Redacted</sup> .

Claimant 2 and Claimant 3 argue that they should receive a larger award allocation and that they should not be treated as joint whistleblowers. With respect to the <sup>\*\*\*</sup> % allocation, Claimant 2 and Claimant 3 contend that the information they provided to the Enforcement Staff “exposed a much larger scheme” than the <sup>Redacted</sup> , was the “but for” cause of the Enforcement Staff’s investigation of <sup>Redacted</sup> , involved “direct” investor harm, and that the <sup>Redacted</sup> investigation started before the <sup>\*\*\*</sup> investigation. All of these factors were considered by the CRS and relate to the information Claimant 2 and

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Claimant 3 provided about misconduct by [Redacted]. While the [Redacted] investigation eventually led the Enforcement Staff to investigate [Redacted], the record demonstrates that Claimant 2 and Claimant 3 *did not* provide any information about misconduct by [Redacted]. [Redacted] Rather, the Enforcement Staff independently developed the evidence that led to the charges against [Redacted] with respect to the [Redacted]. We therefore find that the \*\*\*% allocation to Claimant 2 and Claimant 3 and \*\*\*% allocation to Claimant 1 appropriately reflects their respective contributions under the circumstances.

We also find that Claimant 2 and Claimant 3 should be treated as joint whistleblowers. We previously treated Claimant 2 and Claimant 3 as joint whistleblowers in connection with the [Redacted] Covered Action and issued them a joint \*\*\*% award; at no time did they contest their status as joint whistleblowers. Additionally, here, they submitted a joint whistleblower award application through the same counsel with respect to the same underlying information provided to the Commission.

#### IV. Conclusion

Accordingly, it is ORDERED that (1) [Redacted] [Redacted] [Redacted] are deemed a single Covered Action pursuant to Exchange Act Rule 21F-4(d)(1), as we find that both proceedings arise out of the same nucleus of operative facts; (2) Claimant 1 shall receive an award equal to \*\*\*% of monetary sanctions collected in the Covered Action, including, pursuant to Rule 21F-4(d)(2), any monetary sanctions collected in a separate administrative proceeding, [Redacted] [Redacted] which we find also arises out of the same nucleus of operative facts as the Covered Action, if \$1 million or less is ordered in monetary sanctions; and (3) Claimant 2 and Claimant 3 shall receive a joint award equal to \*\*\*% of monetary sanctions collected in the Covered Action.<sup>6</sup>

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<sup>6</sup> Our determination to treat Claimant 2 and Claimant 3 as a joint whistleblower has not impacted the net total award percentage to Claimant 2 and Claimant 3. Unless Claimant 2 and Claimant 3, within ten (10) calendar days of the issuance of this Order, make a joint request, in writing, for a

By the Commission.

Vanessa A. Countryman  
Secretary

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different allocation of the award between the two of them, the Office of the Whistleblower is directed to pay each of them individually 50% of their joint award.