

UNITED STATES OF AMERICA

before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 77751 / April 29, 2016

WHISTLEBLOWER AWARD PROCEEDING

File No. 2016-8

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In the Matter of the Claim for Award

in connection with

*In the Matter of JPMorgan Chase & Co.*  
Sec. Exchange Rel. No. 70458 (Sept. 19, 2013)  
Notice of Covered Action 2013-92

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**ORDER DETERMINING WHISTLEBLOWER AWARD CLAIM**

On July 13, 2015, the Claims Review Staff (“CRS”) issued a Preliminary Determination related to Notice of Covered Action 2013-92. The Preliminary Determination recommended that the award applications submitted by Claimant 1 (“Claimant 1”) and Claimant 2 (“Claimant 2”) (Claimant 1 and Claimant 2 are together referred to as the “Claimants”) be denied.<sup>1</sup>

For the reasons stated below, the claims of the Claimants are denied.

**I. Background**

On September 19, 2013, the Commission entered into a settled administrative order (the “Covered Action”) with JPMorgan Chase & Co. (“JPMorgan Chase”). In its order, the Commission found that JPMorgan Chase failed to report the full extent of the trading losses that had occurred during the first quarter of 2012 because of the ineffectiveness of its internal control function and inadequate communication between JPMorgan Chase’s senior management and the audit committee of its Board of Directors. Among other sanctions, JPMorgan Chase was ordered to pay a civil money penalty to the Commission of \$200 million.

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<sup>1</sup> The Preliminary Determination also denied an award to Claimant 3 (“Claimant 3”), Claimant 4 (“Claimant 4”), Claimant 5 (“Claimant 5”), Claimant 6 (“Claimant 6”), Claimant 7 (“Claimant 7”), Claimant 8 (“Claimant 8”), Claimant 9 (“Claimant 9”), Claimant 10 (“Claimant 10”), Claimant 11 (“Claimant 11”) and Claimant 12 (“Claimant 12”). Those determinations have not been contested. Accordingly, pursuant to Rule 21F-10(f) under the Exchange Act, Claimants 3-12 have failed to exhaust administrative remedies and the determination to deny an award to them has become final.

On October 22, 2013, the Office of the Whistleblower (“OWB”) posted Notice of Covered Action 2013-92 for the Covered Action. The Claimants filed timely whistleblower award claims. Both Claimants thereupon submitted timely award applications on Form WB-APP with supporting materials detailing the information they had provided the Commission.

## **II. Claimants’ Claims Are Denied**

### **A. Preliminary Determination and Claimants’ Responses**

On July 13, 2015, the CRS preliminarily determined to deny both Claimants’ award applications because it concluded that neither of them had provided any information that led to the successful enforcement of the Covered Action. *See* Section 21F(b)(1) of the Exchange Act, and Rule 21F-3(a) thereunder, 17 C.F.R. § 240.21F-3(a).

Claimants 1 and 2 submitted written responses contesting the Preliminary Determination on August 10, 2015 and October 26, 2015, respectively. In their written responses, the Claimants reiterate the information they had provided to the Commission and assert that it significantly contributed to the success of the enforcement action. Neither of them states that they heard from Commission’s investigative staff following the submission of their information nor do they mention any communications they received from the staff.

### **B. Analysis**

To qualify for an award under Section 21F of the Exchange Act, a whistleblower must voluntarily provide the Commission with original information that leads to the successful enforcement of a covered judicial or administrative action or related action. 15 U.S.C. § 78u-6(b)(1). As relevant here, original information “leads to” a successful enforcement action if either: (i) the original information caused the staff to open an investigation, reopen an investigation, or inquire into different conduct as part of a current investigation, and the Commission brought a successful action based in whole or in part on conduct that was the subject of the original information; or (ii) the conduct was already under examination or investigation, and the original information significantly contributed to the success of the action. Rule 21F-4(c)(1)-(2), 17 C.F.R. § 240.21F-4(c)(1)-(2).

We find that none of the information Claimants submitted led to the successful enforcement of the Covered Action. *First*, the tips identified by the Claimants in their award applications were not provided to investigative staff for further inquiry or for use in connection with any investigation; instead, each of the Claimants’ tips was designated for “no further action.” *Second*, at no point prior to the settlement of the Covered Action did the staff members responsible for the Covered Action have any contact with, or receive any information from, the Claimants.

Because the record demonstrates that the Claimants’ information did not lead to the successful enforcement of the Covered Action and they have not shown otherwise in their requests for reconsideration of the Preliminary Determination, we deny Claimants’ applications for an award.

### **III. Conclusion**

Accordingly, it is ORDERED that the whistleblower award claims of Claimant 1 and 2 are denied.

By the Commission.

Brent J. Fields  
Secretary