

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 92086 / June 2, 2021

WHISTLEBLOWER AWARD PROCEEDING
File No. 2021-54

In the Matter of the Claims for Awards

in connection with

Redacted

Redacted

Notice of Covered Action Redacted

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS

The Claims Review Staff (“CRS”) issued Preliminary Determinations recommending: (i) that Redacted (“Claimant 1”) receive a whistleblower award in the amount of Redacted percent (Redacted %) of the monetary sanctions collected, or to be collected, in Redacted (the “Covered Action”) and in a related Redacted action,

(the “Related Action”);² and (ii) that Redacted (“Claimant 2”) receive a

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Redacted

² Rule 21F-11(a) of the Securities Exchange Act of 1934 (“Exchange Act”) provides that, “If you are eligible to receive an award following a Commission action that results in monetary

whistleblower award in the amount of ^{Redacted} percent (^{***} %) of the monetary sanctions collected, or to be collected, in the Covered Action and in the Related Action. This will result in awards of approximately \$13 million to Claimant 1 and \$10 million to Claimant 2. Claimant 1 and Claimant 2 provided written notice of their decisions not to contest the Preliminary Determinations.

The recommendations of the CRS are adopted. The record demonstrates that Claimant 1 and Claimant 2 each voluntarily provided original information to the Commission and to the ^{Redacted} (the “Other Agency”), and each Claimant’s original information led to the successful enforcement of both the Covered Action and the Related Action.³ The Related Action is a ^{Redacted} between ^{Redacted} the Whistleblower Rules, ^{Redacted} deem ^{Redacted} a “related action” that is eligible for a whistleblower award, and Claimant 1 and Claimant 2 satisfy the requirements for such an award.⁴

Moreover, as to Claimant 2, we have determined that it would be in the public interest and consistent with the protection of investors for the Commission to exercise our discretionary authority under Section 36(a) of the Exchange Act to exempt Claimant 2 from the Form WB-APP 90-day filing deadline specified in Rules 21F-10(a) and (b)(1) of the Exchange Act in light of the specific facts and circumstances present here.⁵

sanctions totaling more than \$1,000,000, you also may be eligible to receive an award based on the monetary sanctions that are collected from a related action.” 17 C.F.R. § 240.21F-11(a).

³ See Exchange Act Section 21F(b)(1), 15 U.S.C. § 78u-6(b)(1); Rule 21F-3(a), 17 C.F.R. § 240.21F-3(a).

⁴ ^{Redacted} Here, the Related Action constitutes a “related action” to the Covered Action within the meaning of Exchange Act Section 21F(a)(5), 15 U.S.C. § 78u-6(a)(5), and Rule 21F-3(b) promulgated thereunder, 17 C.F.R. § 240.21F-3(b), as it is ^{Redacted}, it is based on the same original information that the whistleblower voluntarily provided to the Commission, and it led the Commission to obtain monetary sanctions totaling more than \$1,000,000.

⁵ Rules 21F-10(a) and (b)(1) of the Exchange Act provide that a claimant must submit a claim for an award within 90 calendar days of the Notice of Covered Action to be considered

Applying the award criteria in Rule 21F-6 of the Exchange Act to the specific facts and circumstances here, we find the proposed award amounts are appropriate.⁶ In reaching that determination, we considered that: (i) Claimant 1 submitted a whistleblower tip providing information that led to the initiation of investigations by the Commission and the Other Agency; (ii) Claimant 2 submitted a whistleblower tip providing information that significantly contributed to the Commission's and the Other Agency's investigations; (iii) Claimant 1's and Claimant 2's information led to ^{Redacted} actions related to a complex and fraudulent ^{Redacted} scheme involving multiple individuals and tens of millions of dollars in ill-gotten gains; (iv) Claimant 1 and Claimant 2 substantially assisted the Commission and the Other Agency by, among other things, submitting information and documents, participating in interviews, and identifying key individuals and systems involved in the investigations; but (v) Claimant 2 unreasonably delayed by waiting several years to report the conduct to the Commission, during which time the conduct continued. Based on the facts and circumstances of this matter, we believe a ^{***} % whistleblower award to Claimant 1 and a ^{***} % whistleblower award to Claimant 2 would recognize the significance of Claimant 1's and Claimant 2's information and the high law enforcement interest involved in this matter.

Finally, we find that the contributions made by Claimant 1 and Claimant 2 to the Covered Action are similar to Claimant 1's and Claimant 2's contributions to the success of the Related

for an award. Here, Claimant 2's award application was first received by the Commission's staff 18 days after that 90-day deadline. Claimant 2 asserts several mitigating factors, but because the record does not demonstrate that compliance with the deadline was beyond Claimant 2's control, we find that the facts do not present "extraordinary circumstances" that would trigger our discretion to waive the deadline under Rule 21F-8(a) of the Exchange Act. *See, e.g.,* Claim for Award, Release No. 34-77368, 2016 WL 1019130, at *2 (Mar. 14, 2016), *pet. denied sub nom. Cerny v. SEC*, 707 F. App'x 29 (2d Cir. 2017). We determine, however, that the record supports the exercise of our separate, discretionary authority under Section 36(a) of the Exchange Act to exempt Claimant 2 from the 90-day deadline. Strict application of the deadline would result in undue hardship to Claimant 2, particularly in light of Claimant 2's significant contributions to the successful enforcement of the Covered Action and certain unique obstacles faced by Claimant 2. Accordingly, we find it in the public interest and consistent with the protection of investors to exempt Claimant 2 from the 90-day deadline.

⁶ In assessing the appropriate award amounts, Rule 21F-6 of the Exchange Act provides that the Commission consider: (1) the significance of information provided to the Commission; (2) the assistance provided in the Commission action; (3) law enforcement interest in deterring violations by granting awards; (4) participation in internal compliance systems; (5) culpability; (6) unreasonable reporting delay; and (7) interference with internal compliance and reporting systems. 17 C.F.R. § 240.21F-6.

Action, and, therefore, it is appropriate that Claimant 1 and Claimant 2 receive the same award percentage for both actions.

Accordingly, it is hereby ORDERED that Claimant 1 shall receive an award of ^{Redacted} percent (^{***} %) of the monetary sanctions collected, or to be collected, in the Covered Action and in the Related Action, and that Claimant 2 receive an award of ^{Redacted} percent (^{***} %) of the monetary sanctions collected, or to be collected, in the Covered Action and in the Related Action.

By the Commission.

Vanessa A. Countryman
Secretary