

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 93049 / September 17, 2021

WHISTLEBLOWER AWARD PROCEEDING  
File No. 2021-94

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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 that <sup>Redacted</sup> (“Claimant 1”) receive a whistleblower award of nearly \$7 million, which represents <sup>Redacted</sup> percent (<sup>\*\*\*</sup> %) of the monetary sanctions collected in the above-referenced Covered Action. The CRS further recommended that <sup>Redacted</sup> (“Claimant 2”) receive a whistleblower award of more than \$4.5 million, which represents <sup>Redacted</sup> percent (<sup>\*\*\*</sup> %) of the monetary sanctions collected in the Covered Action.<sup>1</sup> Both Claimants provided written notice of their decisions not to contest the Preliminary Determination. For the reasons discussed below, the CRS’s recommendations are adopted.

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<sup>1</sup> The CRS also preliminarily determined to recommend that the award applications of three other claimants be denied. None of these claimants submitted a request for reconsideration and, as such, the Preliminary Determinations with respect to their award claims became the Final Order of the Commission, pursuant to Rule 21F-10(f).

## I. Background

### A. The Covered Action

On <sup>Redacted</sup> the Commission instituted a settled public administrative and cease-and-desist proceeding against <sup>Redacted</sup> (the “Firm”), that, among other things, <sup>Redacted</sup> finding that the Firm violated <sup>Redacted</sup> In its enforcement action, the Commission found that, between <sup>Redacted</sup> the Firm <sup>Redacted</sup> <sup>Redacted</sup> in circumstances where the Firm was negligent with respect to <sup>Redacted</sup>

<sup>Redacted</sup> Among other relief, the Firm was ordered to pay disgorgement of <sup>Redacted</sup> prejudgment interest of <sup>Redacted</sup> and a civil money penalty of <sup>Redacted</sup>, all of which has been fully collected.

On <sup>Redacted</sup> the Office of the Whistleblower posted a Notice of Covered Action on the Commission’s public website inviting claimants to submit whistleblower award applications within 90 days. Claimants 1 and 2 filed timely whistleblower award claims.

### B. The Preliminary Determination

The CRS issued a Preliminary Determination recommending that Claimants 1 and 2 receive whistleblower awards of \*\*\* % and \*\*\* %, respectively, of the monetary sanctions collected in the Covered Action. In recommending that Claimant 1 receive a larger award than Claimant 2, the CRS considered the fact that Claimant 1’s information was received by the Commission several years before Claimant 2’s information. The CRS also recommended that Claimant 2’s award be reduced for unreasonable reporting delay.

## II. Analysis

The recommendations of the CRS are adopted. The record demonstrates that Claimant 1 and Claimant 2 each voluntarily provided original information to the Commission that led to the successful enforcement of the Covered Action.<sup>2</sup>

Applying the award criteria in Rule 21F-6 of the Securities Exchange Act of 1934 to the specific facts and circumstances here, we find the proposed award amounts are appropriate.<sup>3</sup> In

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<sup>2</sup> See Exchange Act Section 21F(b)(1), 15 U.S.C. § 78u-6(b)(1); Exchange Act Rule 21F-3(a), 17 C.F.R. § 240.21F-3(a).

<sup>3</sup> In assessing the appropriate award amount, Exchange Act Rule 21F-6 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

reaching our award determinations, we positively assessed the following facts in determining Claimant 1's award percentage: (1) Claimant 1's tip was the initial source of the underlying investigation; (2) Claimant 1's tip exposed abuses <sup>Redacted</sup> including at the Firm, that would have been difficult to detect without Claimant 1's information; (3) Claimant 1 provided Enforcement staff with extensive and ongoing assistance during the course of the investigation, including identifying witnesses, including <sup>Redacted</sup> <sup>\*\*\*</sup>, and helping staff understand complex fact patterns and issues related to the matters under investigation; (4) the Commission used information Claimant 1 provided to devise an investigative plan and to craft its initial document requests to the Firm and <sup>Redacted</sup> <sup>Redacted</sup>; (5) Claimant 1 made persistent efforts to remedy the issues, while suffering hardships; and (6) Claimant 1 was the main source of information for the underlying investigation and an important source of information for the Covered Action.

Claimant 2's specific information about the Firm was particularly helpful to the staff in the Covered Action because it was based on Claimant 2's more recent experience <sup>Redacted</sup> <sup>\*\*\*</sup> and, specifically, with the <sup>Redacted</sup> <sup>Redacted</sup> and allowed the staff to have a much better understanding of this aspect of the <sup>\*\*\*</sup> <sup>Redacted</sup>. In addition, we positively assessed the following facts in determining Claimant 2's award percentage: (1) based on Claimant 2's information, the staff was able to tailor requests to the Firm that resulted in the Firm's production of exhibits which evidenced the <sup>Redacted</sup> <sup>Redacted</sup> and assisted the staff in its settlement negotiations with the Firm; (2) Claimant 2 provided the staff with significant information about <sup>Redacted</sup> <sup>Redacted</sup> <sup>Redacted</sup> at the Firm, which informed the staff's understanding of

<sup>Redacted</sup> provided helpful information relevant to the practices engaged in by the Firm; and (4) Claimant 2 provided information and documents, participated in staff interviews, and provided clear explanations to the staff regarding the issues that Claimant 2 brought to the staff's attention.

Finally, we note that, in contrast to Claimant 1, who persistently alerted the Commission to the ongoing abusive practices for a number of years before the investigation was opened, Claimant 2 delayed reporting to the Commission for several years after becoming aware of the wrongdoing. Accordingly, we find that Claimant 2 unreasonably delayed reporting to the Commission and that a reduction in Claimant 2's award percentage is appropriate.<sup>4</sup>

### III. Conclusion

Accordingly, it is hereby ORDERED that Claimant 1 shall receive an award of <sup>Redacted</sup> <sup>\*\*\*</sup> percent (<sup>\*\*\*</sup> %) of the monetary sanctions collected or to be collected in the Covered Action and Claimant 2 shall receive an award of <sup>Redacted</sup> <sup>\*\*\*</sup> percent (<sup>\*\*\*</sup> %) of the monetary sanctions collected

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compliance and reporting systems. 17 C.F.R. § 240.21F-6.

<sup>4</sup> We have taken into consideration in this regard the fact that Claimant 2 provided Claimant 1 with information <sup>Redacted</sup> that Claimant 1 was forwarding this information to the Commission staff. As a result, we have reduced Claimant 2's award by a smaller amount than we otherwise might have.

or to be collected in the Covered Action.

By the Commission.

Vanessa A. Countryman  
Secretary