

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 99920 / April 8, 2024

WHISTLEBLOWER AWARD PROCEEDING

File No. 2024-14

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In the Matter of the Claim for an Award

in connection with

Redacted

Redacted

Notice of Covered Action Redacted

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**ORDER DETERMINING WHISTLEBLOWER AWARD CLAIM**

The Office of the Whistleblower (“OWB”) issued a Preliminary Summary Disposition<sup>1</sup> recommending the denial of the whistleblower award claim submitted by Redacted (“Claimant”) in connection with the above-referenced covered action (the “Covered Action”). Claimant filed a timely response contesting the preliminary denial. For the reasons discussed below, Claimant’s award claim is denied.<sup>2</sup>

**I. Background**

**A. The Covered Action**

On Redacted, the Commission filed a complaint alleging that Redacted  
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<sup>1</sup> See Exchange Act Rule 21F-18, 17 C.F.R. § 240.2F-18.

<sup>2</sup> OWB also preliminarily denied the award claims of two other claimants. These claimants did not seek reconsideration of the Preliminary Summary Dispositions, and therefore, the denials of their claims were deemed to be the Final Orders of the Commission under Exchange Act Rule 21F-18(b)(4).

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On Redacted , the Court entered a final judgment against Redacted ordering monetary sanctions of more than \$1 million.

On Redacted , OWB posted the Notice for the Covered Action on the Commission's public website inviting claimants to submit whistleblower award applications within 90 days. Claimant filed a timely whistleblower claim.

### **B. The Preliminary Summary Disposition**

OWB issued a Preliminary Summary Disposition recommending that Claimant's claim be denied because Claimant's information did not lead to the success of the Covered Action within the meaning of Section 21F(b)(1) of the Exchange Act and Rules 21F-3(a)(3) and 21F-4(c) thereunder. Enforcement staff opened the Covered Action investigation based on a source other than Claimant. Enforcement staff assigned to the investigation that led to the Covered Action never received or reviewed any information from Claimant or had any communications with Claimant.

### **C. Claimant's Response to the Preliminary Summary Disposition**

Claimant submitted a timely written response contesting the Preliminary Summary Disposition.<sup>3</sup> Specifically, Claimant argues that he/she is entitled to an award because he/she submitted his/her tip months prior to the opening of the investigation. Therefore, Claimant states

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<sup>3</sup> See Exchange Act Rule 21F-18(b)(3), 17 C.F.R. § 240.21F-18(b)(3).

that he/she “cannot understand how the Staff or the Commission did not use my allegations about the fraudulent scheme to open the investigation or even begin to suspect the wrong-doings of [the company].”

## II. 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 action.<sup>4</sup> Additionally, and as relevant here, information will be deemed to have led to a successful enforcement action if it “caused the Commission to (i) commence an examination, (ii) open or reopen an investigation, or (iii) inquire into different conduct as part of a current Commission examination or investigation,” and the Commission thereafter brought a successful action based in whole or in part on conduct that was the subject of the claimant’s original information,<sup>5</sup> or was “about conduct that was already under examination or investigation by the Commission” and the “submission significantly contributed to the success of the action.”<sup>6</sup> In determining whether information “significantly contributed” to the success of the action, the Commission will consider whether the information was “meaningful” in that it “made a substantial and important contribution” to the success of the Covered Action.<sup>7</sup>

The record supports the conclusion that Claimant’s information did not cause the staff to open the investigation. Enforcement staff responsible for the Covered Action affirmed in a declaration, which we credit, that the investigation was opened based upon another source. While Claimant’s information was submitted to the Commission prior to the opening of the investigation, Claimant’s information did not cause Enforcement staff to open the Covered Action investigation.

The record also supports the conclusion that Claimant’s information did not cause the Commission to inquire into different conduct as part of the investigation and did not significantly contribute to the success of the Covered Action. While Claimant surmises that his/her

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<sup>4</sup> See Exchange Act Section 21F(b)(1), 15 U.S.C. § 78u-6(b)(1).

<sup>5</sup> Exchange Act Rule 21F-4(c)(1), 17 C.F.R. § 240.21F-4(c)(1).

<sup>6</sup> Exchange Act Rule 21F-4(c)(2), 17 C.F.R. § 240.21F-4(c)(2).

<sup>7</sup> See Order Determining Whistleblower Award Claims, Release No. 34-85412, March 26, 2019; Order Determining Whistleblower Award Claims, Release No. 34-82897, March 19, 2018; see also *Securities Whistleblower Incentives & Protections*, 76 Fed. Reg. 34300, 34325 (June 13, 2011) (in determining whether information significantly contributed to an enforcement action, the Commission will consider whether the information allowed the agency to bring the action in significantly less time or with significantly fewer resources, additional successful claims, or successful claims against additional individuals or entities).

information must have caused Enforcement staff or the Commission to suspect wrongdoing, the record does not demonstrate how his/her information made any contribution to the Covered Action investigation, let alone a significant or meaningful contribution. Staff assigned to the investigation did not have any communications with Claimant, nor did they review or receive any information from Claimant. Accordingly, Claimant's information was not used in the Covered Action investigation, did not cause the staff to inquire into different conduct, and did not significantly contribute to the success of the Covered Action.

For these reasons, we deny Claimant's whistleblower award claim.

### **III. Conclusion**

Accordingly, it is hereby ORDERED that Claimant's whistleblower award application in the Covered Action be, and hereby is, denied.

By the Commission.

Vanessa A. Countryman  
Secretary