

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 102114 / January 6, 2025

WHISTLEBLOWER AWARD PROCEEDING

File No. 2025-11

In the Matter of the Claims for an Award

in connection with

Redacted

Redacted

Notice of Covered Action Redacted

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS

The Office of the Whistleblower (“OWB”) issued a Preliminary Summary Disposition (“PSD”) recommending the denial of the whistleblower award claims submitted by Redacted (“Claimant 2”) and Redacted (“Claimant 3”) (collectively, “Claimants”) in connection with the above-referenced covered action (the “Covered Action”).¹ Claimants 2 and 3 filed timely responses contesting the preliminary denials.² For the reasons discussed below, Claimant 2’s and Claimant 3’s award claims are denied.

I. Background

A. The Covered Action

On Redacted, the Commission brought settled administrative proceedings against Redacted Redacted (“the Company”) for failing to register the offers and sales of its product. The Commission also alleged that the Company had violated the registration provisions of the

¹ See Securities Exchange Act of 1934 (“Exchange Act”) Rule 21F-18(a).

² See Exchange Act Rule 21F-18(b)(3). The PSD also recommended the denial of the claim submitted by Claimant 1. Because Claimant 1 did not contest the preliminary denial, it is now considered to be a final order of the Commission. See Exchange Act Rule 21F-18(b)(4).

Investment Company Act of 1940. The Commission also alleged that the Company had made materially false and misleading statements on its website. The Commission ordered the Company to pay more than \$1 million in monetary sanctions.

The OWB posted the Notice for the Covered Action on the Commission's public website inviting claimants to submit whistleblower award applications. Claimant 2 and Claimant 3 submitted timely award applications.

B. The Preliminary Summary Disposition

The OWB issued a PSD recommending that Claimant 2's and Claimant 3's claims be denied because neither provided information to the Commission that led 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. Investigative staff responsible for the Covered Action did not recall receiving or reviewing any information from Claimants or having any communications with Claimants.³ Furthermore, as another ground for denial, Claimant 2 failed to identify a TCR number on Claimant 2's award application and investigative staff was unable to identify a TCR submitted by Claimant 2 related to the Covered Action.⁴

C. Claimants' Responses to the Preliminary Summary Disposition

Claimants 2 and 3 submitted timely written responses contesting the PSD.⁵ Claimant 2 argues on reconsideration that he/she provided information to the Commission on ^{Redacted}, regarding the Company operating as an ^{Redacted}. Claimant 2 also argues that he/she provided information that "significantly contributed" to the success of the Covered Action. Finally, Claimant 2 notes that he/she did not apply for an award in a related action.

Claimant 3 argues that he/she submitted a TCR to the Commission on ^{Redacted}, which "mentions the Ponzi scheme scenario" and that he/she had attached photos of ^{Redacted} as well as a description of what was occurring. Claimant 3 complains that the Commission's TCR system is "a scam" as he/she has submitted over a thousand TCRs over the last year to the Commission involving stock and crypto manipulations occurring in the market. He/She further argues that the Commission is complicit with the hedge fund industry in not investigating fraud.

³ See Exchange Act Rule 21F-18(a)(3).

⁴ See Exchange Act Rule 21F-18(a)(5).

⁵ See Exchange Act Rule 21F-18(b)(3).

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.⁶ As relevant here, original information will be deemed to lead to a successful enforcement action if either: (i) the original information caused the staff to “open an investigation . . . or to inquire concerning 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;⁷ or (ii) the conduct was already under investigation, and the original information “significantly contributed to the success of the action.”⁸

In determining whether the 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.⁹ For example, the Commission will consider a claimant’s information to have significantly contributed to the success of an enforcement action if it allowed the Commission to bring the action in significantly less time or with significantly fewer resources, or to bring additional successful claims or successful claims against additional individuals or entities.¹⁰

Neither Claimant 2 nor Claimant 3 provided information to the Commission that caused the opening of the investigation. According to the declaration provided by the Enforcement staff responsible for the Covered Action, which we credit, staff opened the Matter Under Inquiry on ^{***} ^{Redacted}, more than six months before Claimant 2 or Claimant 3 purportedly provided information to the Commission, based on information from state regulators.

Claimants 2 and 3 also did not provide information that caused Enforcement staff to inquire into different conduct or that significantly contributed to the success of the Covered Action. Enforcement staff responsible for the Covered Action confirmed that they could not recall receiving or reviewing any information from Claimants or having communications with them. As such, Claimants did not provide any information that was used in or that had any impact on the investigation or resulting Covered Action.

⁶ Exchange Act Section 21F(b)(1), 15 U.S.C. § 78u-6(b)(1).

⁷ See Exchange Act Rule 21F-4(c)(1), 17 C.F.R. § 240.21F-4(c)(1).

⁸ See Exchange Act Rule 21-F-4(c)(2), 17 C.F.R. § 240.21F-4(c)(2).

⁹ Order Determining Whistleblower Award Claims, Exchange Act Rel. No. 90922 (Jan. 14, 2021) at 4; *see also* Order Determining Whistleblower Award Claims, Exchange Act Rel. No. 85412 (Mar. 26, 2019) at 9 (same).

¹⁰ Exchange Act Rel. No. 85412 at 8-9.

Turning to the arguments raised in Claimant 2's response, the record supports the conclusion that Claimant 2 did not provide information to the Commission concerning the Covered Action. While Claimant 2 contends he/she submitted a tip in early ^{Redacted}, Claimant 2 does not provide a copy of the TCR and fails to identify the TCR submission number. Moreover, Enforcement staff responsible for the Covered Action conducted a search in the Commission's TCR system and could not locate any TCR submissions from Claimant 2 concerning the Company or that were submitted between ^{Redacted}

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With respect to Claimant 3, the record reflects that the TCR submitted by Claimant 3 on ^{Redacted}, several months after the opening of the investigation, was not forwarded to Enforcement staff responsible for the Covered Action. As such, because Enforcement staff did not receive or review Claimant 3's TCR, Claimant 3's submission did not lead to the successful enforcement of the above-referenced 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.

In short, the Claimants provided no information that led to the success of the Covered Action.

III. Conclusion

Accordingly, it is hereby ORDERED that the whistleblower award applications of Claimant 2 and Claimant 3 in connection with the Covered Action be, and they hereby are, denied.

By the Commission.

Vanessa A. Countryman
Secretary

¹¹ Regardless of whether Claimant 2 submitted an award claim for a related action, Claimant 2 would not be eligible for an award in a related action because Claimant 2 is not eligible for an award in an SEC Covered Action. *See* Exchange Act Rule 21F-3(b)(1).