

UNITED STATES OF AMERICA

before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 103162 / June 2, 2025

WHISTLEBLOWER AWARD PROCEEDING

File No. 2025-28

In the Matter of the Claim for an Award

in connection with

Redacted

Notice of Covered Action Redacted

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIM

The Claims Review Staff (“CRS”) issued a Preliminary Determination¹ 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.

I. Background

A. The Covered Action

On Redacted the Commission filed a complaint in the United States District Court for the Redacted (“Complaint”). The Complaint alleged that Redacted (the “Defendant”) violated Section Redacted of the Securities Exchange Act of 1934 (“Exchange Act”) by Redacted. The Complaint alleged that the Defendant did so by Redacted. On Redacted, the

¹ The CRS also preliminarily determined to deny the award claims of two other claimants, who did not seek reconsideration of the recommended denials. As such, the preliminary denials as to those other claimants’ award claims are final through operation of law.

District Court entered a final judgment against the Defendant. The Court ordered that the Defendant pay monetary sanctions of more than \$1 million.

The Office of the Whistleblower (“OWB”) posted a Notice of Covered Action on the Commission’s public website inviting claimants to submit whistleblower award applications within 90 days. Claimant filed a timely whistleblower award claim.

B. The Preliminary Determination

The CRS issued a Preliminary Determination recommending that Claimant’s award claim be denied because Claimant did not provide information that led to the successful enforcement 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. Claimant first contacted the Commission after Enforcement staff working on the Covered Action investigation and Covered Action completed the Covered Action investigation and after the Complaint was filed, and did not use Claimant’s information in the litigated Covered Action.

C. Claimant’s Response to the Preliminary Determination

Claimant submitted a timely written response (the “Response”) contesting the Preliminary Determination.² In the Response, Claimant, whose former spouse worked for the Defendant, concedes that he/she first contacted the Commission after the investigation was complete and after the filing of the Complaint. However, Claimant makes the following principal arguments: (1) Claimant participated in a “recorded” interview with Enforcement staff; (2) Claimant provided materials, including a copy of his/her former spouse’s cell phone, to an agent at the Federal Bureau of Investigation (“FBI”), which in turn provided the downloaded contents to the Enforcement staff; (3) Enforcement staff asked the FBI to change the file formats of the downloaded information and asked Claimant to sign a disclosure consent form; (4) Enforcement staff used a number of exhibits during litigation that could have come from the materials Claimant gave to the FBI, and in particular, highlights that one of the exhibits was a ^{Redacted} for a ^{Redacted} that Claimant attended; and (5) Claimant should be provided with a copy of the “recorded” interview and the downloaded contents of his/her former spouse’s cell phone under the Freedom of Information Act (“FOIA”).

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.³ As relevant here, under Exchange Act Rules 21F-4(c)(1) and

² See Exchange Act Rule 21F-10(e), 17 C.F.R. § 240.21F-10(e).

³ Exchange Act Section 21F(b)(1), 15 U.S.C. § 78u-6(b)(1).

(2), respectively, the Commission will consider a claimant to have provided original information that led to the successful enforcement of a covered action if either (1) the original information caused the staff to commence an examination, open an investigation, or inquire into different conduct as part of a current examination or investigation and the Commission brought a successful action based in whole or in part on conduct that was the subject of the original information;⁴ or (2) the conduct was already under examination or investigation, and the original information “significantly contributed to the success of the action.”⁵

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.⁶ 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.⁷

Based on the record, which includes a detailed initial declaration and a supplemental declaration (“Declarations”), which we credit, from the relevant Enforcement staff, Claimant did not provide information that led to the success of the Covered Action. Claimant’s information did not cause Enforcement staff to open the Covered Action investigation and did not cause staff to inquire into different conduct as Claimant provided it after the Covered Action investigation was completed and after the Complaint was filed.

Second, Claimant’s information did not significantly contribute to the success of the Covered Action.⁸ As reflected in the Declarations, Enforcement staff did not use any information from Claimant’s former spouse’s cell phone, as it consisted primarily of highly personal messages and pictures, with only a small number of documents related to the Defendant. Enforcement staff asked the FBI to change the file formats of Claimant’s information so that staff could review the materials to determine whether they could use the information. Once reviewed, staff realized that they could not use the information. Further, none of the exhibits staff used in the Covered Action that Claimant identified in the Response came from Claimant, but rather were produced to staff by the Defendant. Finally, pursuant to a

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

⁵ See Exchange Act Rule 21F-4(c)(2), 17 C.F.R. § 240.21F-4(c)(2).

⁶ 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.

⁷ Exchange Act Rel. No. 85412 at 8-9.

⁸ According to the Declarations, which we credit, Claimant’s belief that his/her interview by Enforcement staff was recorded is incorrect. Enforcement staff did not record the interview.

confidentiality agreement,⁹ the Claimant received a copy of the record materials. Claimant is not entitled to extra-record materials, like the downloaded contents of his/her former spouse's cell phone, as part of the award determination process.¹⁰

The record demonstrates that Enforcement staff did not use any information from Claimant at any point in the Covered Action investigation or Covered Action. None of Claimant's information advanced the Covered Action investigation or Covered Action in any way; Claimant's information did not allow the Commission to bring additional charges or charges against additional defendants. None of Claimant's information significantly contributed to the success of the Covered Action.

We therefore conclude that Claimant did not provide original information that led 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.

III. Conclusion

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

By the Commission.

Vanessa A. Countryman
Secretary

⁹ See Exchange Act Rule 21F-12(b) (OWB may "require you to sign a confidentiality agreement" before providing you with record materials).

¹⁰ Exchange Act Rule 21F-12(a) sets forth the materials that may form the basis of an award determination and that may comprise the record on appeal. Pursuant to Exchange Act Rule 12F-12(b), claimants are not entitled to receive any materials other than those listed in Rule 21F-12(a). See also Order Determining Whistleblower Award Claims, Exchange Act Rel. No. 101280 (Oct. 8, 2024) at n.12 (declining to consider non-record materials as part of whistleblower award determinations and noting that FOIA requests must be submitted to the Commission's Office of FOIA Services). To the extent Claimant wishes to make a FOIA request, he/she should follow the appropriate procedures for doing so.