

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99916 / April 8, 2024

WHISTLEBLOWER AWARD PROCEEDING
File No. 2024-13

In the Matter of the Claims for an Award

in connection with

Redacted

Notice of Covered Action Redacted

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIM

The Claims Review Staff (“CRS”) issued Preliminary Determinations recommending that (i) Redacted (“Claimant”) receive a whistleblower award of over \$750,000, which represents Redacted percent (%) of the monetary sanctions collected in Redacted (the “Covered Action”); (ii) the Commission order that Redacted (the “Redacted Action”), be deemed to have arisen from the same nucleus of operative facts as the Covered Action for purposes of determining payment on the award; (iii) the Commission treat Redacted and Redacted (the “Criminal Actions” or “Related Actions”) as “related actions” under Exchange Act Rule 21F-3(b); and that (iv) Claimant receive an award of over \$375,000, which represents Redacted percent (%) of the remaining monetary sanctions collected in the Related Actions. Claimant provided written notice of Claimant’s decision not to contest the Preliminary Determinations. The recommendations of the CRS are adopted.

Covered Action¹

The record demonstrates that Claimant voluntarily provided original information to the

¹ The Commission has deemed that the Covered Action include a second proceeding, the Redacted Action, which arose out of the same nucleus of operative facts as the proceeding in File No. Redacted. See 17 C.F.R. § 240.21F-4(d).

Commission that led to the successful enforcement of the referenced Covered Action pursuant to Section 21F(b)(1) of the Exchange Act and Rule 21F-3(a) promulgated thereunder, and that Claimant receive an award of ^{Redacted} percent (^{***} %) of the monetary sanctions collected in the Covered Action.²

Exchange Act Rule 21F-6(c) establishes a presumption of a statutory maximum award where (1) the maximum award would be \$5 million or less and (2) none of the negative award factors under Rule 21F-6(b)—*i.e.*, culpability, unreasonable reporting delay, or interference with an internal compliance and reporting system—are present and Exchange Act Rule 21F-16 regarding culpable whistleblowers does not apply.³ The Commission may depart from the presumption if (1) the assistance provided by the whistleblower was, “under the relevant facts and circumstances, limited,” or (2) a maximum award “would be inconsistent with the public interest, the promotion of investor protection, or the objectives of the whistleblower program.”⁴ The presumption, however, does not apply here due to at least one negative factor – culpability. Claimant participated in the misconduct by following instructions to ^{Redacted} ^{Redacted} to lure and deceive investors, which contributed to ongoing investor harm, and waited to report to the Commission until after ^{Redacted} ended.

Accordingly, in determining the amount of award to recommend, the Commission considered the following factors set forth in Rules 21F-6(a) and (b) of the Exchange Act as they apply to Claimant: (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.

In reaching the recommended award percentage, the Commission considered that: Claimant’s initial information alerted Enforcement staff to the misconduct, prompting the opening of the investigation, and Claimant provided additional information and continuing assistance that significantly contributed to the Covered Action; Claimant ignored his/her suspicions, waiting until after ^{Redacted} ended to report to the Commission; and was

² Although Claimant did not include the requisite whistleblower declaration with Claimant’s initial TCR, Claimant is eligible for an award under Rules 21F-4(c)(2) and 21F-9(e) as Claimant submitted a second TCR with the requisite declaration within 30 days of providing new information to the Commission that significantly contributed to the success of the Covered Action. See 17 C.F.R. § 21F-4(c)(2) and 21F-9(e).

³ See Rule 21F-16, 17 C.F.R. § 240.21F-16.

⁴ Rule 21F-6(c)(1)(iv), 17 C.F.R. § 240.21F-6(c)(1)(iv).

culpable by participating in the misconduct, which facilitated ongoing investor harm.⁵

Criminal Actions

The record demonstrates that: (i) the Criminal Actions constitute “related actions” to the Covered Action within the meaning of Exchange Act Rule 21F-3(b);⁶ (ii) the original information that Claimant provided to the Commission also led to the successful enforcement of the related Criminal Actions; and (iii) Claimant has satisfied the procedural requirements for applying for a related action award.⁷ For the same reasons discussed above, the record demonstrates that Claimant receive an award of ^{Redacted} percent (^{***} %) of the monetary sanctions collected in the related Criminal Actions.⁸

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

By the Commission.

Vanessa A. Countryman
Secretary

⁵ In the Covered Action, in ^{Redacted} ^{Redacted} ordered the defendant to pay ^{Redacted}, which was deemed satisfied by the criminal ^{Redacted} ordered against the defendant, of which the criminal authorities collected ^{Redacted}. In addition, the Commission collected ^{***} from the ^{Redacted} Action.

⁶ A related action “is a judicial or administrative action that is brought by,” among other agencies, the United States Department of Justice. See Rule 21F-3(b)(1), 17 C.F.R. § 240.21F-3(b)(1).

⁷ See Rule 21F-11(b), 17 C.F.R. § 240.21F-11(b).

⁸ The Commission Rules do not permit a claimant to obtain a “double recovery.” After deducting the criminal collections that count toward the Covered Action award, the remaining collections from the Related Actions total ^{Redacted}.