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# Whistleblower Awards From The U.S. Securities And Exchange Commission

May 24, 2021 | [The GEE Blog, SEC](#)



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The U.S. Securities and Exchange Commission (SEC), continues to reward whistleblowers who provide key information leading to a successful enforcement action. Since the beginning of May 2021, the SEC has already conferred two substantial whistleblower awards.

As a refresher, in order to receive an [award from the SEC](#), a whistleblower's information must be "[o]riginal, timely, and credible" and "lead[] to a successful SEC enforcement action." For example, in the SEC order of May 10, 2021, two claimants [were awarded approximately \\$22 million](#) in total. One claimant received almost \$18 million for alerting the SEC about violations and providing continued assistance throughout the investigation, including while under hardship. The second claimant, reporting the activity several years later, supplemented the information provided by the first claimant, including information regarding compliance which was ultimately used during settlement negotiations. This whistleblower was awarded over \$4 million.

Most recently, on May 12, 2021, the SEC [awarded one claimant \\$3.6 million](#) and rejected the claim of another purported whistleblower. The whistleblower claimant who received an award provided information that caused the SEC to initiate the inquiry and was instrumental in providing additional information and assistance throughout the investigation. The other claimant, by contrast, failed to show that their information caused the opening of the investigation or advanced its progress. Although this claimant provided a flash drive of files

during the investigation, these files were not used in the successful resolution of the enforcement action. The SEC further denied this claimant's contesting of the preliminary determination that no award was warranted.

These awards serve as an import reminder for companies that these types of significant incentives to report on company misconduct are real and recurring. They reinforce the importance of an effective compliance program – including a reporting platform so that issues may be properly escalated, investigated, and remediated.