

UNITED STATES OF AMERICA

before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 84125 / September 14, 2018

WHISTLEBLOWER AWARD PROCEEDING

File No. 2018-12

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In the Matter of the Claim for Award

in connection with

Notice of Covered Action: <sup>Redacted</sup>

<sup>Redacted</sup>

<sup>Redacted</sup>

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**ORDER DETERMINING WHISTLEBLOWER AWARD CLAIM**

The Claims Review Staff (“CRS”) issued a Preliminary Determination recommending that <sup>Redacted</sup> (“Claimant”) receive a whistleblower award in the amount of <sup>Redacted</sup> of the monetary sanctions collected, or to be collected, in the above-identified Covered Action. This proposed award would yield a likely payout to Claimant of more than \$1,500,000. Claimant subsequently provided written notice of Claimant’s decision not to contest the Preliminary Determination.<sup>1</sup>

The recommendation of the CRS with respect to the Claimant’s award application is adopted. We find that the record demonstrates that the Claimant voluntarily provided original information to the Commission that led to the successful enforcement of the Covered Action

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<sup>1</sup> Additionally, the CRS recommended that Claimant’s claim for award in Covered Action <sup>Redacted</sup> be preliminarily denied because none of Claimant’s information led to the successful enforcement of that covered action. Claimant subsequently provided written notice of Claimant’s decision not to contest the preliminary denial of Claimant’s claim with respect to the other covered action. As a result, the CRS’s preliminary determination as to that covered action became the final determination of the Commission pursuant to Rule 21F-10(f).

pursuant to Section 21F(b)(1) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. § 78u-6(b)(1), and Rule 21F-3(a) thereunder, 17 C.F.R. § 240.21F-3(a).

Turning to the award amount, we (consistent with the CRS’s recommendation) have severely reduced the award here after considering the award criteria identified in Rule 21F-6 of the Exchange Act.<sup>2</sup> Although Claimant provided important information in relation to the overall success of the enforcement action as well as ongoing assistance, Claimant unreasonably delayed in reporting the information to the Commission and was culpable. With respect to our finding that the Claimant unreasonably delayed, we have considered the following: Claimant waited for more than a year after learning of the facts underlying the violation before Claimant reported to the Commission; Claimant reported to us only after learning of the ongoing Commission investigation; during the period of Claimant’s delay, investors were being harmed; as a result of the delay, the monetary sanctions upon which Claimant’s award is based increased; and Claimant waited to report to the Commission until <sup>Redacted</sup> With respect to our culpability determination, we have considered the fact that Claimant—while being fully aware of the wrongdoing—<sup>Redacted</sup> nonetheless <sup>Redacted</sup> received a significant and direct financial benefit. Whistleblowers with similar conduct should expect to receive a severely reduced award—indeed, even one as low as the minimum statutory threshold—in future cases.

Accordingly, it is hereby ORDERED that Claimant shall receive an award of <sup>Redacted</sup> <sup>Redacted</sup> of the monetary sanctions collected in the Covered Action, including any monetary sanctions collected after the date of this Order.

By the Commission.

Brent J. Fields  
Secretary

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<sup>2</sup> In assessing the appropriate award amount, Exchange Act Rule 21F-6 provides that the Commission consider: (1) the significance of information provided to the Commission; (2) the assistance provided in the Covered Action; (3) the 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.