

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 90720 / December 18, 2020

WHISTLEBLOWER AWARD PROCEEDING
File No. 2021-17

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 Determination and a Proposed Final Determination recommending the denial of the whistleblower award application submitted by Redacted (“Claimant”) in connection with Covered Action Redacted (the “Covered Action”). Claimant filed a timely response contesting the preliminary denial. Upon review of the record, we choose to depart from the CRS’s recommendation and instead conclude that Claimant’s application should be granted and that Claimant should receive a whistleblower award of more than \$1.2 million, equal to *** percent (*** %) of the monetary sanctions collected in the Covered Action.

The recommendation of the CRS rested on its preliminary conclusion that the monetary sanctions against Redacted (the “Company”) in the Covered Action should not be counted toward the \$1 million threshold because the Company’s liability in the Covered Action was “based substantially on conduct that [Claimant] . . . planned[] or initiated” under Rule 21F-16 of the Securities Exchange Act of 1934 (“Exchange Act”).¹ Our review of the record

¹ Exchange Act Rule 21F-16, 17 C.F.R. § 240.21F-16. That rule states, in relevant part, “In determining whether the required \$1,000,000 threshold has been satisfied (this threshold is further explained in § 240.21F-10 of this chapter) for purposes of making any award, the Commission will not take into account any monetary sanctions that the whistleblower is ordered to pay, or that are ordered against any entity whose liability is based substantially on conduct that the whistleblower directed, planned, or initiated.” *Id.*

indicates that Claimant should not be held responsible for having planned or initiated the Company's misconduct under Rule 21F-16, under the facts and circumstances presented here. Moreover, the record demonstrates that Claimant voluntarily provided original information to the Commission that led to the successful enforcement of the Covered Action.²

We have further determined that Claimant should receive a whistleblower award of more than \$1.2 million (*** percent (***) of the monetary sanctions collected in the Covered Action. In making this award determination, we applied the award criteria in Exchange Act Rule 21F-6 to the specific facts and circumstances here.³ In reaching that determination, we negatively assessed that Claimant was culpable for actively participating in and financially benefitting from the fraudulent scheme at the Company and that Claimant unreasonably delayed reporting to the Commission even as Claimant became more fully aware of the scheme's illegality.

Accordingly, it is hereby ORDERED that Claimant shall receive an award of *** percent (***) of the monetary sanctions collected or to be collected in the Covered Action.

By the Commission.

Vanessa A. Countryman
Secretary

² See Securities Exchange Act Section 21F(b)(1), 15 U.S.C. §78u-6(b)(1); Exchange Act Rule 21F-3(a), 17 C.F.R. § 240.21F-3(a).

³ 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 Commission action; (3) law enforcement interest in deterring violations in granting awards; (4) participation in internal compliance systems; (5) culpability; (6) unreasonable reporting delay; and (7) interference with internal compliance and reporting systems. 17 C.F.R. § 240.21F-6.