

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96124 / November 3, 2022

WHISTLEBLOWER AWARD PROCEEDING
File No. 2023-08

In the Matter of the Claims for an Award

in connection with

Redacted

Notice of Covered Action Redacted

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS

The Claims Review Staff (“CRS”) issued a Preliminary Determination recommending that ^{Redacted} (“Claimant 1”) receive a whistleblower award of about \$2 million, which represents ^{Redacted} percent (^{***}) of the monetary sanctions collected in the above-referenced Covered Action. The CRS further recommended that ^{Redacted} (“Claimant 2”) receive a whistleblower award of about \$500,000, which represents ^{***} percent (^{***}) of the monetary sanctions collected in the Covered Action.¹ For the reasons discussed below, the CRS’s recommendations are adopted.²

¹ The CRS also preliminarily determined to recommend that the award applications of two other claimants be denied. Neither of these claimants submitted a request for reconsideration and, as such, the Preliminary Determinations with respect to their award claims became the Final Order of the Commission, pursuant to Rule 21F-10(f) promulgated under the Securities Exchange Act of 1934, 17 C.F.R. § 240.21F-10(f).

² Claimant 1 provided written notice of his/her decision not to contest the Preliminary Determination. Claimant 2 submitted a written notice contesting the Preliminary Determination three days after the deadline set out in Rule 21F-10(e), 17 C.F.R. § 240.21F-10(e). Rule 21F-10(f), 17 C.F.R. § 240.21F-10(f), provides, as relevant here, that if a claimant who received a Preliminary Determination recommending an award fails to submit a timely response pursuant to Rule 21F-10(e), then the Preliminary Determination will be deemed a Proposed Final Determination for purposes of Rule 21F-10(h), 17 C.F.R. § 240.21F-10(h). The Commission has the authority, under Rule 21F-8(a), to waive the procedures set out in Rule 21F-10, including the deadline to submit a request for reconsideration under Rule 21F-10(e), based upon a showing of extraordinary circumstances. Having reviewed Claimant 2’s late-filed request, the Commission has determined not to exercise its discretionary authority since Claimant 2 has not shown that there were extraordinary circumstances for his/her failure to file the request by the deadline.

I. Analysis

The record demonstrates that Claimant 1 and Claimant 2 each voluntarily provided original information to the Commission that led to the successful enforcement of the Covered Action.³

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We find that the CRS's award allocations are appropriate. In reaching this determination, we positively assessed the following facts in determining Claimant 1's award percentage: (1) Claimant 1's tip was the initial source of the underlying investigation; (2) Claimant 1's tip exposed abuses in

(the "Firm"), that would have been difficult to detect without Claimant 1's information; (3) Claimant 1 provided the Commission's investigative staff with extensive and ongoing assistance during the course of the investigation, including identifying witnesses, and helping staff understand complex fact patterns

³ See 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).

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and issues related to the matters under investigation; (4) the Commission used information Claimant 1 provided to devise an investigative plan and to craft its initial document requests from the Firm and ^{Redacted} (5) Claimant 1 made persistent efforts to remedy the issues, while suffering hardships; and (6) Claimant 1 was the main source of information for the investigation and an important source of information for the Covered Action.

With regard to Claimant 2, we positively assessed the following factors: (1) Claimant 2 was a valuable first-hand witness who also provided helpful information relevant to the practices engaged in by the Firm, albeit several years after the Commission had received Claimant 1's information; (2) Claimant 2 provided information and documents, participated in staff interviews, and provided clear explanations to the staff regarding the issues that Claimant 2 brought to the staff's attention; (3) Claimant 2's information gave the staff a more complete picture of how events from an earlier period impacted the Firm's practices and put the Firm on notice that ^{Redacted} which the staff was able to use in settlement discussions with the Firm's counsel.

In comparing the relative contributions of Claimant 1 and Claimant 2, we note that Claimant 1's was the more important because Claimant 1's tip and subsequent information was received several years before Claimant 2's and provided a detailed overview of ^{Redacted} that caused the opening of the investigation and guided its initial stages. While of a lesser significance, Claimant 2's information, based on Claimant 2's recent experience working at ^{Redacted} allowed the staff to have a much better understanding of ^{Redacted}

Finally, we note that, in contrast to Claimant 1, who persistently alerted the Commission to the ongoing abusive practices for a number of years before the investigation was opened, Claimant 2 delayed reporting to the Commission for several years after becoming aware of the wrongdoing. Accordingly, we find that Claimant 2 unreasonably delayed reporting to the Commission and that Claimant 2's award should be set at ^{***} percent in light of all the facts and circumstances.

II. Conclusion

Accordingly, it is hereby ORDERED that Claimant 1 shall receive an award of ^{Redacted} ^{***} percent (^{***}) of the monetary sanctions collected in the Covered Action and Claimant 2 shall receive an award of ^{***} percent (^{***}) of the monetary sanctions collected in the Covered Action.

By the Commission.

Vanessa A. Countryman
Secretary