

CFTC Whistleblower Program Annual Report Reveals Active Year and Success in Enlisting Whistleblowers to Combat Commodities Fraud

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The [annual report of the CFTC Whistleblower Program](#) for FY 2018 reveals that the program had its most active year yet. Highlights of the report include:

- The CFTC paid five whistleblower awards during FY 2018 to individuals who voluntarily provided original information or analyses that led to successful enforcement actions, including its largest-ever [award of approximately \\$30 million](#).
- Since the inception of the [CFTC whistleblower program](#), the CFTC has paid approximately \$87 million to whistleblowers.
- The [CFTC's Whistleblower Office](#) received 760 whistleblower tips and complaints during 2018, a 63 percent increase over the number of whistleblower submissions received during FY 2017.
- The CFTC paid its first award to a whistleblower living in a foreign country who provided valuable information that significantly contributed to an ongoing investigation and led to a successful settlement.

Success of CFTC Whistleblower Program in Combatting Commodities Fraud

Whistleblowers are helping the CFTC identify combat a variety of commodities fraud schemes, including:

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- spoofing and other forms of disruptive trading;
 - market manipulation;
 - wash trading;
 - false reporting;
 - misrepresentations to customers regarding the handling of their accounts;
 - fraud involving virtual currencies, precious metals, or foreign currency exchange; and
 - [Ponzi schemes](#) and other off-exchange investment scams involving futures.

In announcing the largest-ever CFTC whistleblower award, CFTC leadership underscored the critical role that whistleblower play in helping the CFTC carry out its mission:

“The Whistleblower Program has become an integral component in the agency’s enforcement arsenal,” said CFTC Chairman, J. Christopher Giancarlo. “We hope that an award of this magnitude will incentivize whistleblowers to come forward with valuable information and provide notice to market participants that individuals are reporting quality information about violations of the Commodity Exchange Act [CEA].”

James McDonald, Director of the Division of Enforcement, stated: “Whistleblower submissions have become a significant part of our enforcement program, allowing us to pursue violations we might otherwise have been unable to detect. That’s one reason why we’ve worked hard to expand our Whistleblower Program, including by increasing the protections afforded to whistleblowers that come forward. I expect the Whistleblower Program to contribute even more substantially to our enforcement efforts going forward.”

Outreach Initiative Focused on Binary Options Fraud and Virtual Currencies

The report also discussed initiatives undertaken by the Office of Customer Education and Outreach to help customers spot, avoid, and report fraud and other violations of the Commodity Exchange Act. During FY 2018, such initiatives focused on virtual currencies and binary options fraud:

- “Virtual currencies continue to attract significant public interest, and remain an area where greater customer education and information is needed.”
- “Binary options fraud is an international concern. This type of fraud is committed by unregistered offshore organizations that pose as legitimate binary options brokers, create fake trading platforms, and use phony testimonials and high-pressure sales tactics to steal money from victims.”

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