

## CFTC Releases FY 2019 Annual Report

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The Commodity Futures Trading Commission (“CFTC”) recently released its statutorily mandated [2019 Annual Report](#) covering the fiscal year ending on September 30, 2019. The report, prepared by the CFTC’s Whistleblower Office (“WBO”), outlines the tips received and awards granted during the fiscal year, and describes the status of the WBO’s initiatives to educate consumers about its whistleblower program.

Under the program, whistleblowers who voluntarily provide original information about violations of the Commodity Exchange Act are eligible to receive between 10 and 30 percent of resulting sanctions that exceed \$1 million. Eligible sanctions can be collected via CFTC enforcement actions or related actions by other federal regulators.

### Whistleblower Tips Received

In FY 2019, the WBO received 455 tips from whistleblowers—down from the 760 tips received in FY 2018 but comparable to the 465 tips received in FY 2017. The WBO noted that the large number of tips last year may have been due to heightened consumer interest in virtual currencies and CFTC news alerts increasing awareness. The number of tips has increased steadily year after year from the 58 tips received in FY 2012, the first year of the program.

During FY 2019, the WBO also received 102 non-whistleblower tips and 35 referrals from the SEC, which it forwarded to the CFTC's Division of Enforcement for evaluation and disposition. These tips involved topics ranging from money laundering, false reporting and foreign bribery to insider trading and retaliation against employees.

## Whistleblower Awards Granted

During FY 2019, the Commission granted five whistleblower awards and denied awards on 129 applications, primarily because the applications did not relate to a qualifying sanction obtained by the CFTC or other regulatory agency.

The five awards granted by the Commission ranged from approximately \$1.5 million to around \$7 million. Since the start of the Whistleblower Program in FY 2012, the Commission has issued 14 whistleblower awards totaling approximately \$100 million. The five awards disbursed last year alone account for over \$15 million. Overall, the CFTC has recovered more than \$800 million in sanctions resulting from whistleblower information.

The CFTC does not provide identifying information regarding award recipients and the related enforcement actions, but did briefly summarize the five awards announced in FY 2019:

- On March 4, 2019, the CFTC [announced](#) an award of \$2 million for information resulting in a CFTC action and an action by a different regulatory agency. Notably, the whistleblower was not an insider but provided information based on an independent analysis of market data. For more information, please see our previous post, [here](#).
- On May 6, 2019, the CFTC [announced](#) an award of \$1.5 million for information leading to a CFTC investigation and substantial assistance as it proceeded. The CFTC [noted](#) that while it does not require whistleblowers to first report violations internally, doing so is one of the "positive factors" in determining the award determination.
- On June 24, 2019, the CFTC [announced](#) an award of \$2.5 million for significant information leading to an investigation and assistance to a whistleblower who provided "documents, statements, and analyses." The CFTC noted that while substantial, the award was reduced due to an "unreasonable delay in reporting the violations."
- On July 1, 2019, the CFTC [announced](#) an award of \$2 million to two whistleblowers for information leading to an investigation. The whistleblowers "play[ed] an integral role in [the] investigations" by providing multiple interviews and numerous documents, as well as by making a report to another organization, which shared its findings with the CFTC.
- On Sept. 27, 2019, the CFTC [announced](#) an award of \$7 million for information leading to an investigation. The CFTC noted that while some of the whistleblower's information proved to be inaccurate, the relevant information still led to a successful enforcement action.

## Outreach Efforts

The WBO continues to prioritize outreach efforts to educate industry stakeholders about the

whistleblower program. Its efforts include presentations and attendance at seminars, conferences, and other professional gatherings.

The WBO's website, <https://whistleblower.gov>, was launched in January 2016. It offers information about the whistleblower program, answers to frequently asked questions, and allows online submissions of whistleblower tips about potential violations of the CEA and award applications. The website received nearly 250,000 page views during FY 2019.

In addition, the CFTC's Office of Customer Education and Outreach is responsible for educating the public about identifying and reporting fraud related to new technologies, such as machine learning, cloud technologies, and virtual currency.

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National Law Review, Volume IX, Number 354

Source URL: <https://natlawreview.com/article/cftc-releases-fy-2019-annual-report>