

SEC Awards \$16 Million to Two Whistleblowers

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On August 9, the U.S. Securities and Exchange Commission (SEC) [announced whistleblower awards](#) totaling more than \$16 million. The SEC granted the awards to two whistleblowers who separately provided original information which contributed to the success of the same enforcement action.

“The information and assistance provided by these two whistleblowers in helping to identify complex wrongdoing demonstrates the importance of the whistleblower program to the SEC’s enforcement efforts,” said Creola Kelly, Chief of the SEC’s Office of the Whistleblower. “These whistleblowers reported critical information that aided the SEC’s investigation and provided extensive, ongoing cooperation that helped stop the wrongdoing and protect the capital markets.”

Through the [SEC Whistleblower Program](#), qualified whistleblowers, individuals who voluntarily provide the agency with original information that leads to a successful enforcement action, are entitled to monetary awards of 10-30% of the proceeds collected.

In determining the exact percentage to award a whistleblower, the SEC weighs a number of factors. On August 9, the SEC awarded one whistleblower (“Claimant 1”) \$13 million and a second whistleblower (“Claimant 2”) \$3.3 million for providing information that contributed to the same enforcement action.

[According to the SEC award order](#), “Claimant 1 contributed substantially more to the success of the Covered Action than Claimant 2” and “Claimant 1’s information was received by the Commission several years before Claimant 2’s information.”

The SEC further explains the significance of Claimant 1’s contribution to the enforcement action. Claimant 1’s whistleblower disclosure caused the opening of the investigation and contained information about hard-to-detect violations. The whistleblower additionally “identified key witnesses and provided critical information, which helped staff in their investigation,” according to the SEC. Furthermore, the SEC notes that the whistleblower “made persistent efforts to remedy the issues, while suffering hardships.”

In contrast to Claimant 1, Claimant 2 “delayed reporting to the Commission for several years after becoming aware of the wrongdoing,” according to the SEC. However, the SEC did positively assess the fact that the whistleblower “was a valuable first-hand witness who also provided helpful information relevant to the practices engaged in by the Firm.” The whistleblower also “provided

information and documents, participated in staff interviews, and provided clear explanations to the staff,” according to the SEC.

Since issuing its first award in 2012, the SEC has awarded approximately \$1.3 billion to 281 individual whistleblowers. Individuals considering blowing the whistle to the SEC should first consult an experienced SEC whistleblower attorney.

Geoff Schweller also contributed to this article.

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National Law Review, Volume XII, Number 221

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