

SEC Waives TCR Requirement, Awards Over \$1 Million to Whistleblowers

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On October 14, the U.S. Securities and Exchange Commission (SEC) [issued a whistleblower award order](#) granting over \$1 million to two whistleblowers who separately provided the agency with original information that contributed to the success of the same enforcement action. Each whistleblower will receive over \$500,000.

In issuing the awards, the SEC used its discretionary authority to waive a TCR filing requirement. In order to be eligible for whistleblower awards, individuals blowing the whistle to the SEC must file a formal whistleblower disclosure using a Form TCR. However, the SEC has the authority to waive this requirement in instances when an individual is otherwise qualified for an award.

“We have determined that it would be in the public interest and consistent with the protection of investors for the Commission to exercise our discretionary authority under Section 36(a) of the Exchange Act to waive the TCR-submission requirements of Rules 21F-9(a) and (b),” the SEC states in its order.

According to the SEC, the two whistleblowers “were both instrumental in alerting the Commission to the ongoing fraud.” The order also explains that one whistleblower was erroneously led to believe by their attorney that “that no further steps were necessary... to establish eligibility for a whistleblower claim.”

Through the [SEC Whistleblower Program](#), qualified whistleblowers are entitled to awards of 10-30% of the funds collected by the government in the relevant enforcement action. In deciding the exact percentage to award a whistleblower the SEC weighs a number of factors.

In this case, the SEC considered that the first whistleblower “provided directly to the Commission accounting records relating to the Entities” and that the second whistleblower “provided directly to the Commission information about the representations made to [them] as a potential investor.” The agency also notes that the second whistleblower “saved Enforcement staff time and resources by organizing and synthesizing information from both Claimants for the Commission.” Furthermore, both whistleblowers each provided continuing assistance to the Commission by meeting with Enforcement staff,” according to the SEC.

Since the whistleblower program was established in 2010, the SEC has awarded more than \$1.3 billion to over 280 individual whistleblowers. In August 2021, SEC Chair Gary Gensler [stated that the program](#) “has greatly aided the Commission’s work to protect investors” and noted that “the SEC has used whistleblower information to obtain sanctions of over \$5 billion from securities law violators” and “return over \$1.3 billion to harmed investors.”

On October 11, the SEC [awarded \\$825,000 to a whistleblower](#) who “expeditiously provided detailed information that prompted the opening of the investigation.”

Individuals considering blowing the whistle should first consult an experienced SEC whistleblower attorney in order to ensure they are fully protected and qualify for the largest possible award.

Geoff Schweller also contributed to this article.

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