SEC Whistleblower Receives \$1.9 Million for Using Expertise to Expose Misconduct

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On April 13, the U.S. Securities and Exchange Commission (SEC) issued a \$1.9 million whistleblower award.

The agency granted the award to an individual whose whistleblower disclosure contributed to a successful enforcement action.

Through the SEC Whistleblower Program, the SEC pays monetary awards to individuals who voluntarily provide original information that leads to a successful SEC enforcement action. Awards are for 10-30% of the funds collected by the SEC in the action.

According to the award order, the whistleblower's disclosure met the threshold to be "original information" by providing independent analysis, which the SEC defines as the "examination and evaluation of information that may be publicly available, but which reveals information that is not generally known or available to the public."

"The record reflects that the Claimant provided original information by using his/her specialized access and knowledge to evaluate the facts in a [Redacted] case against the Company and its executives to identify potential violations of the U.S. securities laws," the award order states. "As such, Claimant was able to provide an evaluation, assessment, or insight beyond what would be reasonably apparent to the Commission from the publicly available information."

The SEC further adds that "Claimant used specialized access and expertise, Claimant expended efforts to identify the violations, Claimant's tip alerted Enforcement staff to the alleged violations, and the conduct would have been difficult to detect in the absence of Claimant's information."

Overall, the SEC has awarded more than \$1.3 billion to over 300 whistleblowers. According to the agency, "Enforcement actions brought using information from meritorious whistleblowers have resulted in orders for more than \$6.3 billion in total monetary sanctions, including more than \$4.0 billion in disgorgement of ill-gotten gains and interest, of which more than \$1.5 billion has been, or is scheduled to be, returned to harmed investors."

Whistleblowers considering blowing the whistle to the SEC should first consult an experienced SEC

whistleblower attorney to ensure they are fully protected and qualify for the largest possible award.

Geoff Schweller also contributed to this article

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