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Record \$279 Million SEC Whistleblower Award will Deter Future Fraud

Article By:		
Mary Jane Wilmoth		

On May 5, the U.S. Securities and Exchange Commission (SEC) <u>announced a \$279 million</u> <u>whistleblower award</u>, the largest in SEC Whistleblower Program history. The awarded whistleblower provided information and assistance that led to a successful SEC enforcement action and related actions by other agencies.

"Fraudsters beware. With news about this award spreading through Wall Street, whistleblowers will turn you in," said leading whistleblower attorney Stephen M. Kohn, founding partner of Kohn, Kohn & Colapinto and author of the forthcoming book *Rules for Whistleblowers: A Handbook for Doing What's Right*.

"Large rewards deter frauds," continued Kohn. "Executives in the C-Suite need to understand that well-placed insiders are now incentivized to report fraud. The amount of this award is historic. But that is what is needed in the face of billion-dollar frauds, ripping off taxpayers, investors, and consumers."

"A great day for oversight and accountability," added Kohn. "It is about time that the 'good guy' win."

Through the SEC Whistleblower Program, qualified whistleblowers, individuals who voluntarily disclose original information that leads to a successful enforcement action, are entitled to monetary awards of 10-30% of the funds collected by the government in the case.

"The size of today's award – the highest in our program's history – not only incentivizes whistleblowers to come forward with accurate information about potential securities law violations, but also reflects the tremendous success of our whistleblower program," said Gurbir S. Grewal, Director of the SEC's Division of Enforcement. "This success directly benefits investors, as whistleblower tips have contributed to enforcement actions resulting in orders requiring bad actors to disgorge more than \$4 billion in ill-gotten gains and interest. As this award shows, there is a significant incentive for whistleblowers to come forward with accurate information about potential securities law violations."

Geoff Schweller also contributed to this article.

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