

CFTC Issues Four Whistleblower Award Orders as Whistleblower Program Faces Funding Crisis

Article By:

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On September 23, the CFTC issued four separate whistleblower award orders granting a total of \$4.5 million to seven whistleblowers.

Key Takeaways

- The four award orders are the most ever issued by the CFTC in a single day
- The awarded whistleblowers included fraud victims, market participants, and employees
- The CFTC Whistleblower Program faces a funding crisis which required immediate Congressional action

On September 23, the U.S. Commodity Futures Trading Commission (CFTC) [announced four separate whistleblower award orders](#) totaling approximately \$4.5 million. Each of the seven awarded whistleblowers voluntarily provided original information about violations of commodities law which resulted in successful enforcement actions.

“Whistleblowers provide information from a variety of vantage points that helps preserve market integrity and fairness,” said Director of Enforcement Ian McGinley. “The multiple awards the CFTC is granting today serve as a warning to would-be wrongdoers across the markets we oversee that anyone may blow the whistle on their misconduct.”

While the awards underscore the importance of the [CFTC Whistleblower Program](#), [without immediate Congressional action, the program may face financial collapse](#).

Four Award Orders

According to the CFTC, the four award orders are the most ever issued in a single day.

In [the first order](#), the CFTC awarded four individual whistleblowers who each voluntarily provided original information which resulted in both a CFTC enforcement action and a related action by another authority. According to the CFTC, the whistleblowers were victims of fraud and “provid[ed] insight into the broad scope of the misconduct and enabl[ed] the identification of additional victims.”

In [the second order](#), the CFTC awarded another whistleblower victim “whose tip alerted the CFTC to a new fraud by a repeat offender, and whose ongoing assistance helped uncover additional evidence of misconduct that led to additional charges.”

In [the third order](#), the CFTC awarded “a market participant whistleblower whose information led the CFTC to look into different conduct as part of an existing investigation, and which led directly to important evidence supporting the CFTC’s charges.”

In [the fourth order](#), the CFTC awarded a whistleblower “who, as an employee with compliance/internal audit responsibilities, reported violations internally, then waited at least 120 days to contact the CFTC after no meaningful remedial action was taken.” In March, the CFTC [issued its first whistleblower award](#) to a whistleblower with compliance or internal audit responsibilities who qualified under the 120-day safe harbor provision.

The four award orders underscore the variety of individuals who can qualify for whistleblowers under the CFTC Whistleblower Program.

“Today’s awards illustrate the CFTC’s Whistleblower Program is open to nearly anyone who voluntarily provides original information about a violation, including victims, witnesses, insiders, market participants, and employees,” said Whistleblower Office Director Brian Young. “Our Whistleblower Program remains committed to rewarding meritorious whistleblowers expeditiously for their information and assistance.”

Success of CFTC Whistleblower Program

Under the CFTC Whistleblower Program, qualified whistleblowers are eligible to receive monetary awards of 10-30% of the sanctions collected in enforcement actions aided by their disclosures. The CFTC also provides [strong anonymity and confidentiality protections to whistleblowers](#).

The CFTC Whistleblower Program has now awarded approximately \$380 million to whistleblowers since it was established in 2010 and has brought in sanctions totaling nearly \$3.2 billion.

“Whistleblowers play a critical role assisting the CFTC be a strong cop on the beat. Much of our Division of Enforcement’s success is tied to the strength of our Whistleblower Office,” [said CFTC Chairman Rostin Behnam back in February](#).

CFTC Funding Crisis

The success of the CFTC Whistleblower Program has led to a funding crisis. In setting up the program, Congress placed a cap on the amount of money which could be in the fund used to finance the program, including both paying the expenses of the Whistleblower Office and paying out whistleblower awards. Only \$100 million is allowed to be placed in the fund, which is entirely financed by sanctions collected thanks to the whistleblower program.

Thus, only a small percentage of the billions of dollars in sanctions collected thanks to the program have been placed in the fund and large whistleblower awards threaten to completely deplete the fund.

In 2021, CFTC officials and whistleblower advocates raised concerns to Congress that the funding crisis could cause the CFTC Whistleblower Office to shut down. Recognizing the consequences of

this, Congress [passed an emergency measure](#) which created a separate account to fund the Whistleblower Office. This meant that even if the award fund was depleted by a large award, the program could continue to function.

This measure is set to expire at the end of September, meaning that the CFTC Whistleblower Program is [once again facing a funding crisis which could lead to its collapse](#). Congress must swiftly act again in order to save the program.

[National Whistleblower Center](#) is calling on Congress to immediately pass an emergency measure to save the CFTC Whistleblower Program and has [set up an Action Alert allowing the public to urge their elected officials to do so as well](#).

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