

## SEC Issues Largest Dodd-Frank Whistleblower “Bounty” Awards Ever

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On March 19, 2018, the [SEC issued an Order](#) jointly awarding two whistleblowers more than \$49 million, and awarding a third whistleblower more than \$33 million, for reporting information to the SEC that led to its successful prosecution of an enforcement action against the perpetrators of securities violations.

In 2010, the Dodd-Frank Act amended the Securities Exchange Act of 1934 to include Section 21F, entitled “Securities Whistleblower Incentives and Protection.” Among other things, Section 21F established a whistleblower “bounty” program that entitles individuals who voluntarily provide the SEC with original information that leads to a successful SEC enforcement action resulting in monetary sanctions greater than \$1 million to receive an award of between 10 and 30 percent of the total sanctions collected.

The awards announced earlier this week are the largest awards issued to whistleblowers since the inception of the whistleblower “bounty” program. The previous record was set by a \$30 million award in 2014. To date, the SEC has awarded more than \$262 million to whistleblowers.

These recent awards are a good reminder that employers must be more diligent and cautious than ever when it comes to securities compliance and investigating internal complaints by would-be whistleblowers, as the awards available to tipsters under the “bounty” program are a tremendous incentive to report to the SEC. This is likely the reason why the program has been steadily gaining traction, with the number of whistleblower tips submitted to the SEC increasing every year since its inception. Indeed, in its last Annual Report to Congress on the Whistleblower Program, the SEC’s Office of the Whistleblower reported that from FY 2012 to FY 2017, the number of whistleblower tips received by the SEC had grown by almost 50 percent.

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