

SEC Issues Largest Whistleblower Bounty Award Ever To One Individual

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As we reported [here](#), on May 5, 2023, the SEC issued an award of \$279 million to a whistleblower. This is the largest award the SEC has issued to an individual whistleblower in the history of the SEC Office of the Whistleblower's program.

While substantial portions of the Order granting this award were redacted, it is apparent that the whistleblower's report did not cause the SEC to commence its investigation, but it included original information that resulted in the SEC expanding and deepening its investigation and saving time and resources for the SEC. The whistleblower provided the SEC with written submissions, communications, and interviews. In addition, the individual met the requirements for related-action awards (it appears that there were two related actions and at least one other agency brought a successful action).

This award is more than double the largest award in the amount of \$114 million, which was issued in October 2020. To date, the SEC has awarded more than \$1.5 billion to whistleblowers since the inception of its whistleblower program in 2011.

This enormous award is likely to lead to an uptick in whistleblower complaints to the SEC, which has increasingly become a major source for SEC enforcement investigations.

Accordingly, it serves as a wake-up call to employers with respect to the need to strengthen policies and practices as well as understanding their obligations in order to (1) appropriately respond to internal whistleblower complaints, (2) minimize the risk of retaliation, and (3) encourage employees to step forward in good faith and present their complaints internally through appropriate channels. Internal complaint channels should be identified in a code of conduct, any whistleblower protection policy and any general anti-retaliation policy. Indeed, early internal reports enable companies to conduct a prompt investigation before fraud or other misconduct matures.

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