

SEC Announces Million-Dollar Whistleblower Award to Compliance Officer

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The Securities and Exchange Commission today announced an award of more than a million dollars to a compliance professional who provided information that assisted the SEC in an enforcement action against the whistleblower's company.

The award involves a compliance officer who had a reasonable basis to believe that disclosure to the SEC was necessary to prevent imminent misconduct from causing substantial financial harm to the company or investors.

“When investors or the market could suffer substantial financial harm, our rules permit compliance officers to receive an award for reporting misconduct to the SEC,” said Andrew Ceresney, Director of the SEC's Division of Enforcement. “This compliance officer reported misconduct after responsible management at the entity became aware of potentially impending harm to investors and failed to take steps to prevent it.”

The whistleblower in this matter will receive between \$1.4 million and \$1.6 million. Whistleblower awards can range from 10 percent to 30 percent of the money collected in a successful enforcement action with sanctions exceeding \$1 million. By law, the SEC must protect the confidentiality of whistleblowers and cannot disclose information that might directly or indirectly reveal their identities.

Since its inception in 2011, the SEC's whistleblower program has paid more than \$50 million to 16 whistleblowers who provided the SEC with unique and useful information that contributed to a successful enforcement action. All payments are made out of an investor protection fund established by Congress that is financed entirely through monetary sanctions paid to the SEC by securities law violators. No money is taken or withheld from harmed investors to pay whistleblower awards.

This is the second award the SEC has made to an employee.