

Former Company Officer Permitted to Claim Whistleblower Award

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The SEC announced a whistleblower award of nearly half a million dollars to a former company officer whose report of misconduct resulted in an SEC enforcement action. In order for a whistleblower submission to be considered original information, it must be derived from a claimant's independent knowledge or analysis, which is generally not applicable if the whistleblower obtained the information as an officer, director, trustee or partner.

The whistleblower in this case was an officer of the company. However, the Claims Review Staff decided that the information provided by the individual was not disqualified from being treated as original information since the officer reported the information internally at least 120 days prior to reporting it to the Commission, and the matter failed to be addressed at the company. We explain the exception in our memo on the rules [here](#).

This is the first whistleblower award to an officer. As is their usual practice, the SEC provided no details about the background of the misconduct or the report made by the whistleblower. The SEC has awarded 15 whistleblowers in the last three years, for an eye-popping total of nearly \$50 million, which is financed from the sanctions.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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