

UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 72947 / August 29, 2014

WHISTLEBLOWER AWARD PROCEEDING  
File No. 2014 - 9

In the Matter of the Claim for Award

in connection with

Redacted  
Notice of Covered Action Redacted

**ORDER DETERMINING WHISTLEBLOWER AWARD CLAIM**

Two claimants, Redacted and Redacted each timely filed a whistleblower award claim pursuant to Section 21F of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-6 (the “Exchange Act”), in connection with Notice of Covered Action Redacted. On Redacted the Claims Review Staff (“CRS”) issued a Preliminary Determination recommending that Redacted receive an award of 20% and that Redacted be denied an award. Redacted has waived \* right to contest the Preliminary Determination and Redacted has filed a response contesting the Preliminary Determination. For the reasons set forth below, Redacted claim is approved in the amount of 20%, and Redacted is denied.

**I. Background and Commission Action**

On Redacted the Commission filed an enforcement action in Redacted Redacted (the “Covered Action”). The Commission alleged that (or the “Defendant”) committed Redacted Redacted On Redacted the United States District Court Redacted entered final judgment in favor of the Commission, Redacted Redacted

On Redacted the Office of the Whistleblower (“OWB”) posted Notice of Covered Action Redacted for the Covered Action. As noted above, both claimants filed timely whistleblower award claims.

II. Redacted **Claim is Approved**

In the Preliminary Determination, the CRS recommended that Redacted receive a whistleblower award based on information that \* submitted to the Commission between Redacted Redacted and Redacted. This information concerned Redacted Redacted. The CRS preliminarily determined that this information constituted original information, that Redacted voluntarily provided it to the Commission, and that this information led to the successful enforcement of the Covered Action. See Section 21F(b)(1) of the Exchange Act, and Rule 21F-3(a) thereunder, 17 C.F.R. § 240.21F-3(a).<sup>1</sup>

The CRS also recommended that Redacted award be set in the amount of twenty percent (20%) of the monetary sanctions collected in the Covered Action. In arriving at this recommendation, the CRS considered the factors set forth in Rule 21F-6, 17 C.F.R. § 240.21F-6, in relation to the facts and circumstances of Redacted application.

Upon due consideration under Rule 21F-10(f) and (h), 17 C.F.R. § 240.21F-10(f) and (h), and for the reasons set forth in the Preliminary Determination, Redacted claim is approved in the amount of 20%.<sup>2</sup>

III. Redacted **Claim is Denied**

A. Redacted **Application**

On Redacted Redacted submitted a Form WB-APP in connection with Redacted Redacted. Attached to the Form WB-APP was a four page document that included a list of seventeen different Notices of Covered Actions, including the Notice for the current matter. In the attachment to the Form WB-APP, Redacted wrote that \* “provided over 200 files with thousands of accounts, linked associates, mortgage documents, deeds, death certificates, announcements, tax documents, and offshore accounts and business associates around

<sup>1</sup> Redacted obtained the information in \* capacity as Redacted. As a result, in preliminarily determining that Redacted had provided original information, the CRS considered whether Redacted information was derived from \* independent knowledge or independent analysis. Under Rule 21F-4(b)(1), “[i]n order for [a] whistleblower submission to be considered original information, it must,” among other requirements, be “[d]erived from [the whistleblower’s] independent knowledge or independent analysis.” 17 C.F.R. § 240.21F-4(b)(1). In turn, Rule 21F-4(b)(4)(iii)(B) provides that, *unless an exception applies*, “[t]he Commission will not consider information to be derived from [a whistleblower’s] independent knowledge or independent analysis” if the whistleblower “obtained the information because” the whistleblower was “[a]n employee whose principal duties involve[d] compliance or internal audit responsibilities[.]” 17 C.F.R. § 240.21F-4(b)(4)(iii)(B). But the CRS preliminarily determined that Rule 21F-4(b)(4)(iii)(B) did not apply here to disqualify Redacted information from treatment as original information pursuant to the exception in Rule 21F-4(b)(4)(v)(C), 17 C.F.R. § 240.21F-4(b)(4)(v)(C), because Redacted had reported the information to Redacted at least 120 days before reporting the information to the Commission.

<sup>2</sup> Redacted did not contest the Preliminary Determination and it therefore became the Proposed Final Determination of the CRS pursuant to Rule 21F-10(f), 17 C.F.R. § 240.21F-10(f).

the world.” \* did not reference any specific tip or complaint in connection with the Covered Action.

A search of the Commission’s Tips, Complaint and Referral (“TCR”) system—the Commission’s electronic database which records and stores information received from whistleblowers and others about potential securities law violations—did not reveal any TCRs from Redacted relating to the Covered Action. In addition, the Enforcement staff members who handled the Covered Action confirmed that they received no information from Redacted before, during or after the investigation or enforcement action.

On Redacted the CRS issued a Preliminary Determination recommending that Redacted application for an award be denied because \* did not provide any information that led to the successful enforcement of the Covered Action, as required by Section 21F(b)(1) of the Exchange Act, and Rule 21F-3(a) thereunder, 17 C.F.R. § 240.21F-3(a).

**B. Redacted Response to the Preliminary Determination**

On Redacted timely submitted a response contesting the Preliminary Determination. \* response attached various documents, including: four annual reports of two organizations in Florida; a report published by the Boca Raton Regional Hospital Foundation; several public news stories about Israeli agents in Australia, a couple who pled guilty to money laundering in 2000, a merger between two banks, and the presidential pardon of Marc Rich; and press releases from Redacted regarding internal promotions and hiring. In \* response, Redacted again failed to identify any specific tip or complaint that \* submitted to the Commission in connection with the Covered Action.

The gist of Redacted response is that Redacted and Redacted are engaged in a Ponzi scheme and money laundering for the purpose of directing funds to Israel and possibly the Israeli national intelligence agency, and that the Commission’s case ignored evidence regarding offshore accounts and other alleged wrongdoing.

**C. Analysis**

To qualify for an award under Section 21F, a whistleblower must voluntarily provide the Commission with original information that leads to the successful enforcement of a covered judicial or administrative action or related action. 15 U.S.C. § 78u-6(b)(1). Original information “leads to” a successful enforcement action if either: (i) the original information caused the staff to open an investigation, reopen an investigation, or inquire into different conduct as part of a current examination or investigation, and the Commission brought a successful action based in whole or in part on conduct that was the subject of the original information; or (ii) the conduct was already under examination or investigation, and the original information significantly contributed to the success of the action. Rule 21F-4(c)(1)-(2), 17 C.F.R. § 240.21F-4(c)(1)-(2).

We find that none of the information Redacted submitted led to the successful enforcement of the Covered Action. First, the record demonstrates that Redacted did not lead to the opening of the investigation, as \* only started submitting information to the Commission on Redacted which is well after the staff began its investigation into Redacted

Second, we see no evidence to suggest that \* contributed to the ongoing investigation. Every TCR that Redacted has submitted to the Commission has been closed with a disposition of no further action planned, which indicates that the information was not provided to Enforcement staff for further inquiry or for use in any ongoing investigations. And there is otherwise no indication that the Enforcement staff members responsible for the Covered Action relied on any information provided by Redacted in investigating the matter or bringing the Covered Action.

Third, based on our own assessment of the information that Redacted submitted, we cannot see how this information could have led to the successful enforcement of the Covered Action given the absence of any relevant factual connections between the two. And Redacted has failed to explain how any of the information that \* provided either caused the staff to open the investigation (or a new line of inquiry in the investigation) that resulted in the Covered Action, or significantly contributed to the success of the Covered Action.

Because the record demonstrates that Redacted information did not lead to the successful enforcement of the Covered Action and \* has not shown otherwise in \* request for reconsideration of the Preliminary Determination, we deny \* application for an award.

#### IV. **Conclusion**

Accordingly, it is ORDERED that Redacted shall receive an award of twenty percent (20%) of the monetary sanctions collected in this Covered Action, including any monetary sanctions collected after the date of this Order; and it is further

ORDERED that Redacted whistleblower award claim is denied.

By the Commission.

Kevin M. O'Neill  
Deputy Secretary