

SEC Releases FY 2022 Whistleblower Annual Report

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On November 15, 2022, the SEC's Office of the Whistleblower (OWB) released its annual [report](#) to Congress covering the period from October 1, 2021 to September 30, 2022.

The report highlights a record-breaking year for the SEC's whistleblower bounty program in certain respects, explains factors that can increase or decrease award amounts, and discusses recent amendments to the program's rules.

Record-Breaking Year for Whistleblower Tips

According to the report, the SEC received 12,322 whistleblower tips in fiscal year 2022, which was the record for the most tips received in any year since the SEC established the whistleblower program in 2011.

These submissions were received from around the globe. In the U.S., the greatest number of tips were submitted by putative whistleblowers in Florida, South Carolina, California, Texas, and New York. In the rest of the world, Canada, the United Kingdom, Germany, China, Mexico, and Brazil led the pack.

There was also a notable uptick from the previous year of tips received relating to Initial Coin Offerings and Cryptocurrencies—more than doubling as a percentage of overall tips.

The most common violations reported included: Manipulation (21%), Offering Fraud (17%), Initial Coin Offerings and Cryptocurrencies (14%), and Corporate Disclosures and Financials (13%).

Overall, the SEC awarded approximately \$229 million in 103 awards in FY 2022, making this the SEC's second highest year in terms of dollar amounts and number of awards.

The largest payout was a [\\$40 million](#) award to two individuals.

Since the beginning of the program, the SEC has paid more than \$1.3 billion in 328 awards to whistleblowers who provided information that led to successful enforcement actions by the SEC and other agencies.

Factors that Increase or Decrease Awards

The report highlighted factors that may affect the size of an award. Positive factors include the significance of the information provided, the nature and extent of assistance rendered by the whistleblower, the level of interest from law enforcement, and whether the whistleblower reported internally prior to their reporting even where they were not required to.

On the other hand, factors that could decrease an award include whether the whistleblower unreasonably delayed their reporting, engaged in culpable conduct, or interfered with internal reporting systems.

Changes to Whistleblower Program Rules

As we previously [reported](#), the SEC adopted two amendments to its whistleblower program rules, which went into effect on October 3, 2022. The first amendment permits whistleblowers otherwise eligible for an award under another whistleblower program to alternatively receive an award from the SEC if the SEC's award would be higher. The second amendment affirms the SEC's authority to consider the dollar amount of a potential award as a consideration for increasing (but not decreasing) an award.

The OWB noted that these amendments “help ensure that whistleblowers are both incentivized and appropriately rewarded for their efforts in reporting potential violations of the law to the Commission.”

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