

# Securities and Exchange Commission Office of the Whistleblower

## Annual Report to Congress for Fiscal Year 2024

*November 15, 2024*

The U.S. Securities and Exchange Commission’s Whistleblower Program (Program) had another strong year, working to fulfill its mission to protect investors by administering an efficient program that is responsive to whistleblower needs and helps the Commission identify and stop securities law violations. An integral part of the Program is providing monetary incentives to individuals with relevant information concerning potential violations to report their information to the Commission. To that end, in Fiscal Year (FY) 2024, the Commission awarded over \$255 million, the third highest annual amount for the Program,<sup>1</sup> to 47 individual whistleblowers.<sup>2</sup> These totals include an award of approximately \$98 million, split between two whistleblowers—the fifth largest award granted in the history of the Program.<sup>3</sup> The SEC has awarded more than \$2.2 billion to 444 individual whistleblowers since the Program’s inception in 2011.

Ensuring that whistleblowers can freely report securities law violations to the Commission without fear of reprisal is a crucial part of the SEC’s oversight mandate. In FY 2024, the Commission brought 11 enforcement actions against entities and individuals who took action to impede whistleblowers from communicating with the SEC, including through the use of restrictive agreements. The Commission brought more enforcement actions in this area than in any prior fiscal year and more than double the number brought in FY 2023. Notably, these cases include one that resulted in an \$18 million penalty, the highest penalty to date for an action of this kind.

“Whistleblowers play a valuable role in helping to protect the U.S. financial markets by bringing the Commission information about potential securities law violations,” said Creola Kelly, Chief of the Office of the Whistleblower (OWB). “The Commission sent a strong message that agreements and conduct that impede communication with the SEC will not be tolerated.”

### **OWB’s Mandate**

OWB, an office located within the Division of Enforcement, administers the Program. As of September 30, 2024, OWB was overseen by a Chief, who is a senior officer at the SEC,

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<sup>1</sup> The total dollar amount includes seven awards that the Commission issued in connection with related actions pursuant to Securities Exchange Act of 1934 (Exchange Act) Rule 21F-11.

<sup>2</sup> The number of individuals awarded includes each joint whistleblower awarded. If the Commission issues awards to a single whistleblower in two or more Final Orders, those awards are counted separately for the purposes of determining the number of individuals awarded.

<sup>3</sup> As measured by Covered Action; Order Determining Whistleblower Award, Exchange Act Release No. 100809, File No. 2024-37 (August 23, 2024) <https://www.sec.gov/files/rules/other/2024/34-100809.pdf>.

managed by three front-line supervisors, and staffed by additional full-time staff dedicated to the work of OWB, including 18 attorneys, an accountant, a paralegal, an analyst, a program specialist, and four contractors who serve as support staff.

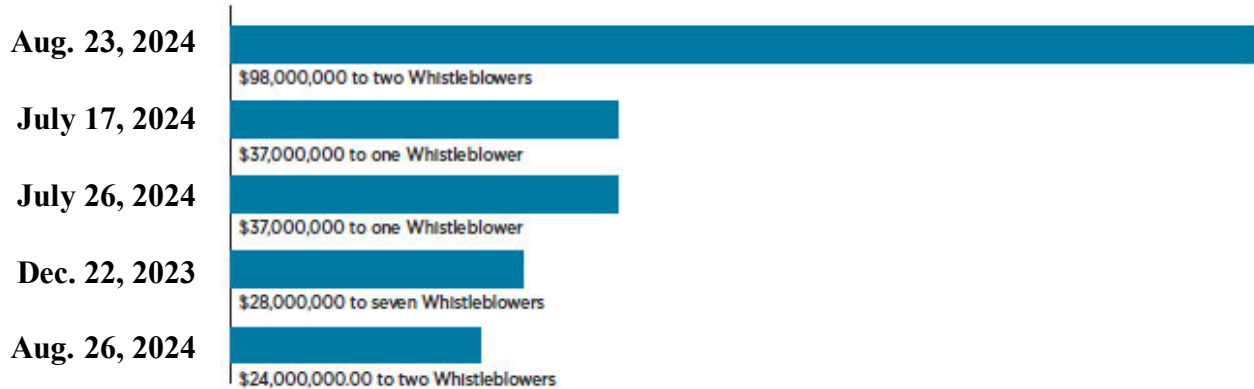
Much of OWB's work relates to assessing claims for whistleblower awards, which is critical to the Program's ability to incentivize individuals to report possible violations of the securities laws to the SEC and is a key reason for the Program's success. In FY 2024, OWB received 396 applications for whistleblower awards and 49 requests for reconsideration of a Preliminary Determination. Resolving claims for awards often involves addressing novel legal issues and complex fact patterns. The Commission issued 163 Final Orders in FY 2024.

OWB attorneys also play a key role in another aspect critical to the success of the Program: protecting the ability of individuals to report wrongdoing to the SEC without fear of interference or reprisal. To this end, OWB attorneys consult with investigative staff to determine if certain actions impede an individual's ability to report wrongdoing to the SEC, as well as on complaints of retaliation. Since its inception, the SEC has filed a total of 32 enforcement actions alleging actions taken to impede reporting and five anti-retaliation enforcement actions.

Additionally, OWB staff operate a hotline to communicate with whistleblowers and their counsel and typically return calls within three business days. Many of these calls relate to how the caller should submit a tip to be eligible for an award, how the SEC will maintain the confidentiality of a whistleblower's identity, and whether the SEC is the appropriate agency to handle the caller's tip. OWB does not provide legal advice when it returns hotline calls. In FY 2024, OWB staff returned more than 3,000 calls from the public.

Finally, to promote and educate the public about the Program and advance its mission, OWB staff participate in public engagements, forums with other federal agencies, and legal panels.

## Top Five Awards of FY 2024<sup>4</sup> by Final Order



### Claims for Awards

#### ❖ Noteworthy Awards

In FY 2024, the Commission granted awards in 28 Covered Actions,<sup>5</sup> including the following noteworthy awards:

- **Two whistleblowers share an award of approximately \$98 million.** Two whistleblowers, whose information and assistance led to an SEC enforcement action and an action brought by another agency, received a combined award of approximately \$98 million, the fifth largest in the history of the Program. The first whistleblower's tip prompted the opening of the investigations, and the individual thereafter provided critical additional information and ongoing assistance. As a result, this whistleblower received an award of approximately \$82 million. The second whistleblower's submission, which was provided later, significantly contributed to one aspect of the actions and resulted in an award of approximately \$16 million.<sup>6</sup>

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<sup>4</sup> Order Determining Whistleblower Award, Exchange Act Release No. 100809, File No. 2024-37 (August 23, 2024), <https://www.sec.gov/files/rules/other/2024/34-100809.pdf>; Order Determining Whistleblower Award, Exchange Act Release No. 100543, File No. 2024-30 (July 17, 2024), <https://www.sec.gov/files/rules/other/2024/34-100543.pdf>; Order Determining Whistleblower Award, Exchange Act Release No. 100605, File No. 2024-31 (July 26, 2024), <https://www.sec.gov/files/rules/other/2024/34-100605.pdf>; Order Determining Whistleblower Award, Exchange Act Release No. 9929, File No. 2024-5 (December 22, 2023), <https://www.sec.gov/files/rules/other/2023/34-99229.pdf>; Order Determining Whistleblower Award, Exchange Act Release No. 100818, File No. 2024-38 (August 26, 2024), <https://www.sec.gov/files/rules/other/2024/34-100818.pdf>.

<sup>5</sup> Generally, OWB posts Notices of Covered Action for each SEC action where a final judgment or order, by itself or together with other prior judgments or orders in the same action issued after July 21, 2010, results in monetary sanctions exceeding \$1 million. See Exchange Act Rule 21F-10(a). The Commission may order an award in more than one Covered Action as part of a single Final Order.

<sup>6</sup> Order Determining Whistleblower Award, Exchange Act Release No. 100809, File No. 2024-37 (August 23, 2024), <https://www.sec.gov/files/rules/other/2024/34-100809.pdf>.

- **Seven whistleblowers share an award of more than \$28 million for information that led to an enforcement action returning money to harmed investors.** Seven whistleblowers provided information that, through a successful enforcement action, resulted in the return of millions of dollars to harmed investors. The whistleblowers provided detailed and highly significant information early in the investigation that advanced the staff’s investigation, saved considerable Commission time and resources, and bore a close nexus to the charges brought by the Commission.<sup>7</sup>
- **A whistleblower’s multiple tips initiate and expand an investigation.** After providing a tip that caused staff to open an investigation, the whistleblower uncovered and reported additional violations, resulting in the Commission bringing a broader enforcement action. The whistleblower received an award of more than \$600,000.<sup>8</sup>
- **A whistleblower’s information increases monetary sanctions.** After Commission staff opened an investigation based on the independent analysis provided by joint whistleblowers, a separate whistleblower provided original information, based on independent knowledge, that alerted the staff to an additional issue and helped increase the monetary sanctions the Commission obtained in its successful action. The joint whistleblowers and the separate whistleblower all received awards, collectively totaling more than \$1 million.<sup>9</sup>
- **Whistleblower reports on conduct similar to a prior enforcement action.** A whistleblower who uncovered and reported possible wrongdoing after learning about the Commission’s enforcement action against another entity involving similar misconduct received an award of \$1.5 million.<sup>10</sup>
- **Whistleblower receives an award of more than \$37 million.** A whistleblower’s persistent internal reporting led their employer to conduct its own investigation and self-report misconduct to the Commission, which prompted Commission staff to open

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<sup>7</sup> Order Determining Whistleblower Award, Exchange Act Release No. 9929, File No. 2024-5 (December 22, 2023), <https://www.sec.gov/files/rules/other/2023/34-99229.pdf>.

<sup>8</sup> Order Determining Whistleblower Award, Exchange Act Release No. 100309, File No. 2024-23 (June 11, 2024), <https://www.sec.gov/files/rules/other/2024/34-100309.pdf>.

<sup>9</sup> Order Determining Whistleblower Award, Exchange Act Release No. 100812, File No. 2024-36 (August 23, 2024), <https://www.sec.gov/files/rules/other/2024/34-100812.pdf>.

<sup>10</sup> Order Determining Whistleblower Award, Exchange Act Release No. 99313, File No. 2024-8 (January 11, 2024), <https://www.sec.gov/files/rules/other/2024/34-99313.pdf>.

an investigation. The whistleblower also provided ongoing, extensive, and timely assistance to Commission staff.<sup>11</sup>

#### ❖ **Whistleblower Confidentiality**

The Dodd-Frank Wall Street Reform and Consumer Protection Act prohibits the Commission and its staff from disclosing any information that reasonably could be expected to reveal the identity of a whistleblower, subject to certain exceptions.<sup>12</sup> Protecting whistleblower confidentiality is a cornerstone of the Program. Without it, whistleblowers would be less incentivized to come forward and report their information to the agency.

Information that could reasonably be expected to reveal a whistleblower's identity is redacted from Commission orders granting or denying awards before they are issued publicly. This typically includes redactions of the award percentage, the name of the enforcement action, and other details that could reveal the Covered Action on which the award is based, which when combined with other information, could contribute to the identification of a whistleblower.

#### ❖ **Insider/Outsider**

A whistleblower is anyone who reports information about a possible securities law violation to the Commission in writing.<sup>13</sup> To be eligible for a whistleblower award, a whistleblower must, among other things, voluntarily provide the Commission with original information that leads to the successful enforcement by the Commission of a Federal court or administrative action in which the Commission obtains monetary sanctions totaling more than \$1 million.<sup>14</sup> Whistleblowers are not limited to insiders, such as employees or former employees of an entity against which the agency brings an enforcement action. Whistleblowers can also be individuals outside the organization, including, for example, investors or potential investors, competitors, or market observers.

In FY 2024, of the whistleblowers who received awards, approximately 38% were outsiders and approximately 62% were insiders.

#### ❖ **Independent Knowledge and Independent Analysis**

A whistleblower may satisfy the “original information” eligibility requirement by providing the Commission with information derived from their “independent knowledge” or “independent analysis.” “Independent knowledge” means factual information that is not derived from publicly available sources, such as information gained through experiences,

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<sup>11</sup> Order Determining Whistleblower Award, Exchange Act Release No. 100605, File No. 2024-34 (July 26, 2024) <https://www.sec.gov/files/rules/other/2024/34-100605.pdf>.

<sup>12</sup> Exchange Act Section 21F(a)(6); Rule 21F-2(a).

<sup>13</sup> Rule 21F-2(a)(1).

<sup>14</sup> Rule 21F-3(a).

communications, and observations in a whistleblower’s business or social interactions.<sup>15</sup> “Independent analysis” means an “examination and evaluation of information that may be publicly available, but which reveals information that is not generally known or available to the public.”<sup>16</sup>

The Commission issued four awards in FY 2024 that were based in part on a whistleblower’s independent analysis, 37 awards that were based in part on a whistleblower’s independent knowledge, and six awards that were based in part on both a whistleblower’s independent analysis and independent knowledge.

#### ❖ Other Statistics of Interest

In FY 2024:

- 27 whistleblowers who were awarded this fiscal year caused the Commission to open an investigation or examination that led to an enforcement action, and 20 significantly contributed to an investigation that was already open.
- Approximately 10% of whistleblowers submitted their application for award jointly with another whistleblower.
- Seven whistleblowers also received an award for their contributions to a related action.
- The Commission barred one claimant from participation in the Program because that claimant filed three or more applications for award that the Commission found to be frivolous or lacking a colorable connection between the claimant’s tips and the Covered Actions for which the claimant sought awards.<sup>17</sup>

#### **Assessment of Whistleblower Award Claims**

As noted above, much of OWB’s work relates to assessing claims for whistleblower awards. OWB posts a Notice of Covered Action on its webpage, [www.sec.gov/whistleblower](http://www.sec.gov/whistleblower), for each SEC action in which a final judgment or order, alone or together with prior judgments or orders in the same action, results in monetary sanctions of more than \$1 million. Once a Notice of Covered Action is posted, individuals have 90 calendar days to apply for an award.<sup>18</sup>

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<sup>15</sup> Rule 21F-4(b)(2).

<sup>16</sup> Rule 21F-4(b)(3).

<sup>17</sup> Order Determining Whistleblower Award, Exchange Act Release No. 100614, File No. 2024-32 (July 29, 2024) <https://www.sec.gov/files/rules/other/2024/34-100614.pdf>.

<sup>18</sup> Rule 21F-10.

For each whistleblower award claim application submitted in response to a Notice of Covered Action, OWB attorneys assess each application and eligibility of the claimant. Other Commission staff assist in this process. For instance, OWB attorneys work closely with enforcement staff responsible for the relevant enforcement action, and/or other Commission staff who may have interacted with a claimant or otherwise have relevant knowledge about an award claim, to understand the claimant's contribution or involvement in a matter. OWB staff seek declarations from the relevant Commission staff in order to ensure a comprehensive factual record from which to make the ultimate recommendation. OWB may also seek additional information from the claimant and from other agencies relevant to assessment of a claim, as appropriate.

Using the information and materials provided by the claimant in support of the application, as well as other information and materials contained in the record, OWB attorneys prepare a recommendation to the SEC's Claims Review Staff (CRS) as to whether a claimant meets the criteria for receiving an award and, if so, the recommended award percentage. Every recommendation goes through a multi-tiered, robust review process. All Preliminary Determination and Proposed Final Determination recommendations are reviewed by attorneys in the Division of Enforcement's Office of Chief Counsel (OCC) and the SEC's Office of the General Counsel (OGC).<sup>19</sup>

After considering OWB's recommendation, the CRS issues a Preliminary Determination setting forth its assessment of whether a claim should be approved or denied and, if approved, setting forth the proposed award percentage. OWB sends each claimant the Preliminary Determination.<sup>20</sup> A claimant may seek reconsideration of a Preliminary Determination.<sup>21</sup> If this occurs, OWB analyzes the claimant's arguments and may seek additional information for the record before recommending a Proposed Final Determination for the CRS to submit to the Commission. After considering any requests for reconsideration and OWB's recommendation, the CRS submits a Proposed Final Determination to the Commission.<sup>22</sup> Within 30 days of receiving the Proposed Final Determination, any Commissioner may request that the Proposed Final Determination be further reviewed by the Commission. If no Commissioner requests a review within the 30 days, it becomes the Final Order of the SEC.<sup>23</sup> OWB provides each

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<sup>19</sup> The process is different for certain categories of denials of award applications that are relatively straightforward, for which OWB follows a summary disposition process. Under this process, OWB, rather than the CRS, assumes responsibility for reviewing the record, and then issues a Preliminary Summary Disposition identifying the basis for the denial of the application for award. If the claimant contests the Preliminary Summary Disposition, OCC and OGC attorneys will review the Proposed Final Summary Disposition that is presented to the Commission. The summary disposition process helps increase efficiencies in the claims review process.

<sup>20</sup> Rule 21F-10(d).

<sup>21</sup> See Rule 21F-10(e). If a claim is denied and no timely request for reconsideration is submitted, the Preliminary Determination automatically becomes the Final Order of the SEC. 17 C.F.R. § 240.21F-10(f).

<sup>22</sup> Rule 21F-10(h).

<sup>23</sup> Rule 21F-10(h).

claimant with the Final Order.<sup>24</sup> A claimant may appeal a Final Order denying their claim within 30 days of issuance of the Final Order. The claimant may appeal to the U.S. Court of Appeals for the District of Columbia Circuit, or to the circuit court in which the claimant resides or has their principal place of business.<sup>25</sup>

### **Determining Award Percentages**

The Whistleblower Rule Amendments that became effective in December 2020 created a presumption of a maximum 30% award in circumstances where the Commission does not reasonably anticipate that a maximum award would exceed \$5 million, the claimant's application presents no negative factors under Rule 21F-6(b) (i.e., culpability, unreasonable reporting delay, or interference with an internal compliance and reporting system), and the award claim does not trigger Rule 21F-16 (concerning awards to whistleblowers who engage in culpable conduct).<sup>26</sup> The presumption may be overcome if the whistleblower provided limited assistance or if a maximum award would be inconsistent with the public interest, the promotion of investor protection, or the objectives of the Program. In FY 2024, for Covered Actions where the maximum award would have been \$5 million or less, the Commission applied the presumption approximately 90% of the time.

If the presumption of a maximum award is not applicable, the Commission determines the appropriate award percentage based on the factors in Exchange Act Rules 21F-6(a) and (b). The Commission also considers these factors when apportioning an award between multiple meritorious claimants, including if the maximum-award presumption applies.

- **Factors that May Increase an Award:**
  - **Significance of the information.** This factor is a critical driver of the award percentage and, in certain circumstances, could be the most important factor when apportioning award amounts between two or more meritorious whistleblowers, as the Commission often focuses on the relative significance (and timing) of the whistleblowers' submissions.
  - **Assistance provided by the whistleblower.** Whistleblower assistance may come at any stage of an investigation and may include helping staff decipher complex transactions, identifying key witnesses, documents, or other sources of information, and communicating with staff and certain other authorities when appropriate. Whistleblowers may also assist during the litigation phase of an enforcement action.

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<sup>24</sup> Rule 21F-10(i).

<sup>25</sup> Rule 21F-13.

<sup>26</sup> Rule 21F-6(c).

- **Law enforcement interest.** The law enforcement interest may be high when the whistleblower provides information about ongoing violations that are harming investors, such as misappropriation of investor funds. The law enforcement interest may also be high for securities violations with elements occurring abroad, which may be more difficult for Commission staff to detect or to gather evidence about without a whistleblower's cooperation.
- **Participation in internal compliance or reporting systems.** While claimants are not required to report internally, their award percentage may be increased if they do so.
- **Factors that May Decrease an Award**
  - **Unreasonable reporting delay.** In FY 2024, the Commission reduced three awards for an unreasonable delay in reporting. The Commission continues to emphasize the importance of timely reporting, which allows the Commission to act quickly to protect investors, to gather evidence before it becomes harder to access, and to bring claims for relief before they are time-barred.
  - **Culpability.** The Commission reduced three awards in FY 2024 due to the whistleblower's participation in or benefit from the underlying misconduct.
  - **Interference with internal reporting systems.** No award was reduced in FY 2024 on account of this factor.

### **Enforcement of Whistleblower Protections**

FY 2024 was a blockbuster year for whistleblower protection matters: the Commission brought 11 actions under Rule 21F-17, sending a strong message about the importance of an unobstructed avenue for whistleblowers to communicate with the Commission. OWB supported this effort by working closely with investigative and examinations staff in identifying actions that may have impeded individuals from reporting potential wrongdoing to the Commission.

Among the actions the Commission brought this fiscal year was a settled case against J.P. Morgan Securities LLC (JPMS) in which JPMS agreed to pay an \$18 million civil penalty, the largest penalty to date for a standalone 21F-17 case. The Commission charged JPMS with impeding hundreds of advisory clients and brokerage customers who had entered into settlements with the firm from reporting potential securities law violations to the SEC. The agreements required clients to keep the underlying facts of the settlement, among other things, confidential;

and, while the agreements permitted clients to respond to SEC inquiries, they did not permit clients to voluntarily contact the SEC.<sup>27</sup>

The Commission's other Rule 21F-17 actions in FY 2024 include the following:

- The Commission found in a settled action that GQG Partners LLC (GQG), a registered investment adviser, violated Rule 21F-17 when it (1) entered into non-disclosure agreements with 12 candidates for employment that prohibited them from disclosing confidential information about GQG, including to government agencies voluntarily and without notification to GQG; and (2) entered into a settlement agreement with a former employee that required the former employee to affirm that he or she had not reported possible securities law violations to government agencies, including the Commission, and would withdraw any statements already made that might support an investigation. GQG agreed to pay a civil penalty of \$500,000 to settle the charges.<sup>28</sup>
- The Commission found in a settled action that three affiliated registrants, Commission-registered broker-dealer Nationwide Planning Associates, Inc., investment adviser NPA Asset Management, LLC, and state-registered investment adviser Blue Point Strategic Wealth Management, LLC, took actions to impede brokerage customers and advisory clients from reporting securities law violations to the SEC by asking 11 retail clients to sign confidentiality agreements in connection with payments made by the entities to the clients' investment accounts. The agreements permitted communications with the Commission only where the SEC first initiated an inquiry, and some of the agreements further required the clients to represent that they had not reported the underlying dispute to the SEC or to another securities regulator and would forever refrain from such reporting. The firms agreed to pay combined civil penalties of \$240,000 to settle the SEC's charges concerning the violative agreements.<sup>29</sup>
- The Commission brought settled charges against seven public companies for using employment, separation, and other agreements that violated Rule 21F-17 by, among other things, requiring employees to waive their right to possible whistleblower monetary awards. The companies agreed to pay more than \$3 million combined in civil penalties

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<sup>27</sup> See *In the Matter of J.P. Morgan Securities LLC*, File No. 3-21829 (January 16, 2024), <https://www.sec.gov/files/litigation/admin/2024/34-99344.pdf>.

<sup>28</sup> See *In the Matter of GQG Partners LLC*, File No. 3-22208 (September 26, 2024), <https://www.sec.gov/files/litigation/admin/2024/34-101200.pdf>.

<sup>29</sup> See *In the Matter of Nationwide Planning Associates, Inc., et al.*, File No. 3-22056 (September 4, 2024), <https://www.sec.gov/files/litigation/admin/2024/34-100908.pdf>.

to settle the charges.<sup>30</sup>

- The Commission alleged in a district court action that an individual who was charged with participating in a \$300 million Ponzi scheme also violated Rule 21F-17 through oral statements he made to two investors. The defendant allegedly told the defrauded investors that he would help them obtain the return of their investment money *if* they retracted everything they had said to the SEC and other law enforcement authorities.<sup>31</sup>

## Whistleblower Tips

Whistleblowers may submit any tips, complaints, and referrals (TCRs) and additional information using the SEC's online portal. OWB does not process TCRs. Rather, the Office of Market Intelligence, another office located within the Division of Enforcement, is responsible for triaging all TCRs, including whistleblower TCRs. This review is conducted by professionals, including attorneys, accountants, market surveillance specialists, and support staff.

TCRs may result in the opening of an investigation by the Division of Enforcement or an examination by the Division of Examinations that later leads to an enforcement action. In FY 2024, the Commission received approximately 24,980 whistleblower TCRs. We note that while this was an increase in the total number of tips received from FY 2023, over 14,000 of the FY 2024 tips were attributable to two individuals.<sup>32</sup>

## Nature of Whistleblower Allegations

The whistleblower tips the Commission received in FY 2024 alleged a variety of misconduct. The most common complaint categories reported by whistleblowers were Manipulation (37%), Offering Fraud (21%), Initial Coin Offerings and Crypto Asset Securities (8%), and Corporate Disclosures and Financials (8%).<sup>33</sup> The following graph reflects the number of whistleblower tips received in FY 2024 by allegation category.<sup>34</sup>

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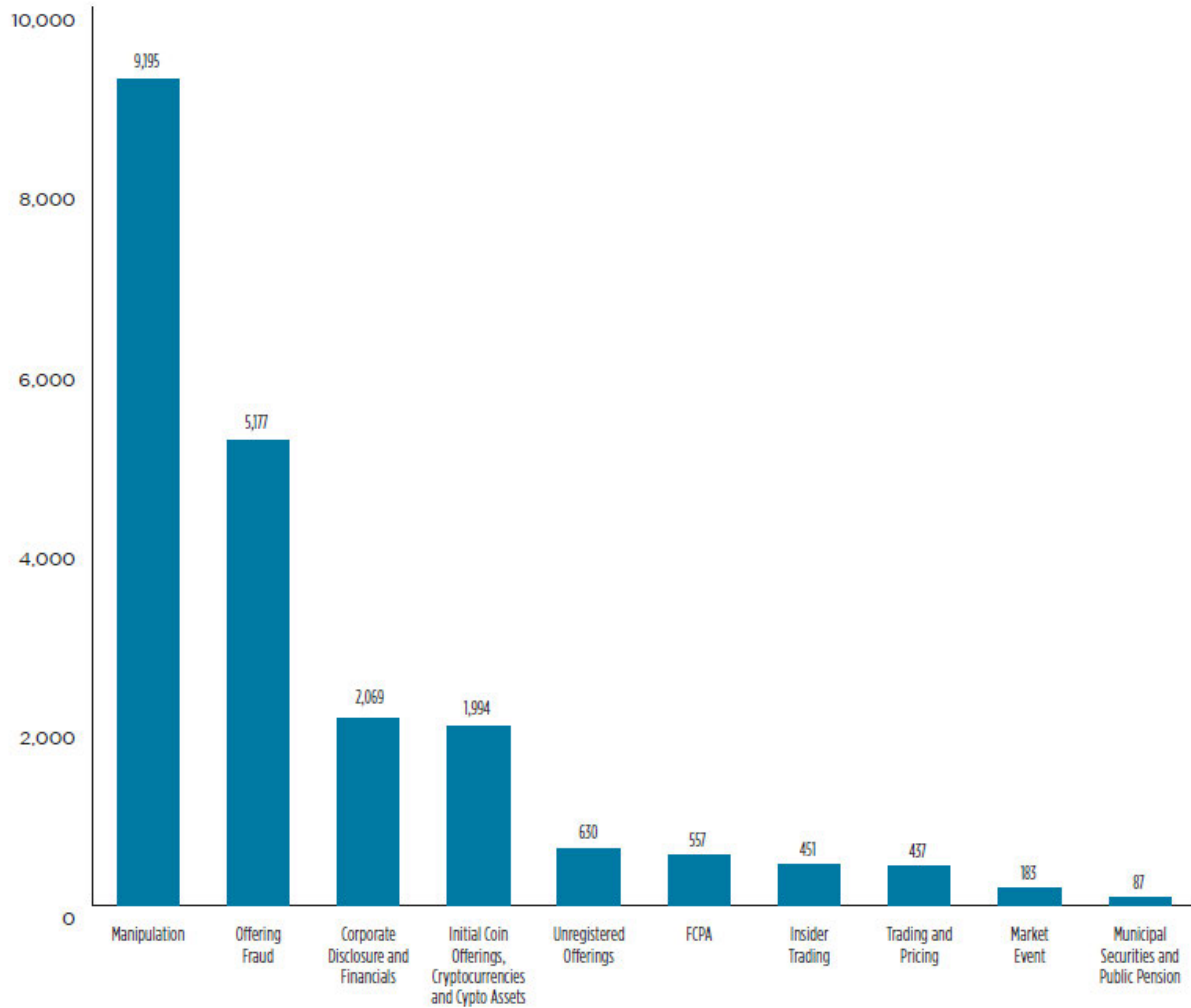
<sup>30</sup> Acadia Healthcare Company, Inc. agreed to pay a \$1,386,000 civil penalty; a.k.a. Brands Holding Corp. agreed to pay a \$399,750 civil penalty; AppFolio, Inc. agreed to pay a \$692,250 civil penalty; IDEX Corporation agreed to pay a \$75,000 civil penalty; LSB Industries Inc. agreed to pay a \$156,000 civil penalty; Smart for Life, Inc. agreed to pay a \$19,500 civil penalty; and TransUnion agreed to pay a \$312,000 civil penalty. <https://www.sec.gov/newsroom/press-releases/2024-118>.

<sup>31</sup> *SEC v. Sanchez, et al.*, No. 4:24-cv-939 (S.D. Tex.), <https://www.sec.gov/files/litigation/complaints/2024/compr2024-35.pdf>.

<sup>32</sup> The same two individuals accounted for nearly 7,000 of the 18,354 whistleblower tips submitted in FY 2023.

<sup>33</sup> This breakdown includes tips from the two individuals referenced above and reflects the categories selected by whistleblowers. The data represents the whistleblower's own characterization of the violation category.

<sup>34</sup> There were also approximately 4,200 whistleblower tips for which no allegation category was selected by the whistleblower on the TCR.



- **Geographic Diversity in Source of Tips**

Finally, highlighting the global reach and interconnectedness of the financial markets, the Program continues to receive tips from all over the world. In FY 2024, the foreign countries from which the highest number of tips originated were Canada, the United Kingdom, India, Australia, and Germany. Domestically, the states from which the highest number of tips originated were South Carolina, Florida, California, Texas, and New York.

### **Investor Protection Fund**

Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act established the Investor Protection Fund (Fund) to provide funding for the Program, including the payment of awards in related actions.<sup>35</sup> As required by statute, all payments are made out of the Fund, which is financed entirely through monetary sanctions paid to the SEC by securities

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<sup>35</sup> Section 21F(g)(2)(A) of the Exchange Act, 15 U.S.C. § 78u-6(g)(2)(A).

law violators. As permitted by statute, the Fund also is used to finance the operations of the SEC’s Office of Inspector General to improve work efficiency and productivity.<sup>36</sup>

Section 21F(g)(5) of the Exchange Act requires certain Fund information to be reported to Congress on an annual basis. Below is a chart containing Fund-related information for FY 2024.

	<b>FY 2024</b>
Balance of Fund at beginning of fiscal year	\$ 337,707,791.64
Unavailable amounts from FY 2023 available during fiscal year <sup>37</sup>	\$ 37,597,710.00
Amounts deposited into or credited to Fund during fiscal year	\$ 256,849,828.13
Amount of interest receipts from investments during fiscal year	\$ 19,291,849.03
Amount of receipts during the fiscal year that are unavailable <sup>38</sup>	\$ (28,554,863.00)
Amounts paid from Fund during fiscal year to whistleblowers	\$ (575,226,473.40)
Amounts estimated to be paid from Fund during fiscal year to whistleblowers <sup>39</sup>	\$ 314,171,581.14
Amount disbursed to Office of the Inspector General during fiscal year	\$ (23,603.98)
Balance of Fund at end of the fiscal year	\$ 361,813,819.56

Section 21F(g)(5) of the Exchange Act also requires the Commission to provide a complete set of audited financial statements for the Fund,<sup>40</sup> including a balance sheet, income statement, and cash-flow analysis. That information will be included in the Commission’s Agency Financial Report, which will be separately submitted to Congress.

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<sup>36</sup> Section 21F(g)(2)(B) of the Exchange Act, 15 U.S.C. § 78u-6(g)(2)(B), provides that the Fund shall be available to the Commission for “funding the activities of the Inspector General of the Commission under section 4(i).”

<sup>37</sup> Amounts relate to available resources temporarily reduced during the fiscal year as a result of the Budget Control Act of 2011. These amounts become available at the beginning of the following fiscal year.

<sup>38</sup> *Id.*

<sup>39</sup> The positive number in this line reflects the lower awards payable balance as of September 30, 2024, compared to the awards payable balance at the end of FY 2023.

<sup>40</sup> For a complete description of the mechanisms that Congress established to replenish the Fund, *see* Section 21F(g)(3) of the Exchange Act, 15 U.S.C. § 78-6(g)(3).

OWB maintains a hotline to respond to questions about the Program. Individuals may leave messages on the hotline by calling (202) 551-4790. Calls are typically returned by OWB staff within three business days.

To report a potential securities law violation or for general information about the Program, please visit OWB's webpage at [www.sec.gov/whistleblower](http://www.sec.gov/whistleblower).