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CFTC Gives 1st Overseas Whistleblower Award

By **Jody Godoy**

Law360 (July 16, 2018, 7:20 PM EDT) -- The U.S. Commodity Futures Exchange Commission has awarded a whistleblower bounty to a foreign resident for the first time, the agency announced on Monday, days after handing out its largest award to date.

The unnamed foreign national received more than \$70,000, which represents between 10 and 30 percent of an unspecified penalty paid to the CFTC for a violation of the Commodities Exchange Act. An order dated July 12 described the recipient as a "junior-level employee" of the penalized entity.

The person was involved in the violation but had been acting at the direction of their employer and did not profit from it, making them eligible for the award, according to the CFTC's order. They had not known about the CFTC program when providing the agency with information, but filed a claim after the agency had already finished its enforcement action.

CFTC Enforcement Director James McDonald issued a statement on the award on Monday, calling it an invitation to would-be whistleblowers around the globe and emphasizing the agency's intention to build cases off tips.

"The award also serves as another example of the increasing significance of whistleblowers in our enforcement program, a trend I expect to continue going forward," McDonald said.

The award announced on Monday is the sixth since the program's first award in 2014. For every award granted, the CFTC has denied nearly 10 applications.

In May, the agency **revamped the rules** for submissions, making whistleblowers eligible even if they have already reported the violation to another enforcement agency.

The most recent payout comes the week after the CFTC announced a **\$30 million whistleblower award**, its largest to date.

Former CFTC enforcement attorney Elizabeth Lan Davis, now of Murphy & McGonigle PC, told Law360 that the timing of the two announcements sends a dual message. One is that whistleblowers around the world stand to profit from disclosures. The other is to companies: Make sure your compliance programs both in the U.S. and abroad are up to the task.

"They clearly want the market to know that the whistleblower program is for real and it has a global reach," Davis said.

Multiple CFTC cases this year have involved conduct overseas, including the year's largest: a **\$475 million penalty** against Société Générale SA announced last month.

The settlement ended allegations the bank manipulated the London and European interbank offered rates to benefit the bank's trades in derivatives tied to those benchmarks.

In January, **the agency settled** with Deutsche Bank, UBS and HSBC for a total of \$46.6 million over spoofing in the precious metals markets. Multiple foreign individuals were charged in related cases.

Those and other cases put the penalties levied by the regulator so far in 2018 at more than last year, when the agency brought in its **smallest haul** in six years.

--Editing by Alanna Weissman.

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