

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of Claims for Award by:
Redacted ("Claimant 1"),
Redacted ;
Redacted ("Claimant 2"),
Redacted ;
Redacted ("Claimant 3"),
Redacted ;
Redacted ("Claimant 4"),
Redacted ; and
Redacted ("Claimant 5"),
Redacted
In Connection with
Notice of Covered Action No. Redacted
CFTC Whistleblower Award
Determination No. 25-WB-01

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS

The Commodity Futures Trading Commission ("Commission") received whistleblower award applications on the above-listed Forms WB-APP from Claimant 1, Claimant 2, Claimant 3, Claimant 4, and Claimant 5 in response to the above-referenced Notice of Covered Action regarding Redacted

("Covered Action"). The Redacted resulted from an investigation Redacted ("Redacted Investigation") into Redacted, and the Redacted resulted from an investigation into Redacted by a Redacted in connection with the Redacted Investigation Redacted Investigation").<sup>1</sup>

1 Redacted

The Claims Review Staff (“CRS”) evaluated each of the applications in accordance with the Commission’s Whistleblower Rules (“Rules”), 17 C.F.R. pt. 165, promulgated pursuant to Section 23 of the Commodity Exchange Act (“CEA” or “Act”), 7 U.S.C. § 26. On Redacted, the CRS issued a Preliminary Determination recommending Redacted

Two claimants requested reconsideration of the Preliminary Determination, and the CRS considered those requests. In making its Proposed Final Determination, based on the reasons set forth below, the CRS Redacted. We agree with the CRS’s Proposed Final Determination. Accordingly, (a) Claimant 1’s claim is approved for \*\*\* of the monetary sanctions collected in the Redacted, (b) Claimant 2’s claim is approved for \*\*\* of the monetary sanctions collected in the Redacted and \*\*\* of the monetary sanctions collected in the Redacted, and (c) the award applications of Claimant 3, Claimant 4, and Claimant 5 are denied.

**I. AWARD FOR THE** Redacted

**A. Relevant Facts**

The Commission’s Division of Enforcement (“Division”) opened an investigation (“Initial Investigation”) into \*\*\* based upon information provided by Claimant 1, Redacted

. Claimant 1 reported Redacted

to Claimant 1, Redacted. According to Claimant 1, Redacted. Claimant 1 advised that Redacted

.  
Redacted Claimant 2, Redacted  
submitted a Form TCR to the Commission alleging Redacted

Redacted Claimant 2  
further alleged Redacted

. The Commission

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2 Redacted

opened the <sup>Redacted</sup> Investigation based on the information Claimant 2 provided in his/her Form TCR.

**B. Preliminary Determination**

The Preliminary Determination found that the original information from Claimant 1 and Claimant 2 led to the successful enforcement of the <sup>Redacted</sup>. Claimant 1 was the original source of key information establishing a course of misconduct <sup>Redacted</sup>. He/she was the first to notify the Commission of the misconduct <sup>Redacted</sup>.

<sup>Redacted</sup>. However, Claimant 2 also contributed information that was previously unknown to the Commission. While Claimant 1's allegations of misconduct were <sup>Redacted</sup>, Claimant 2 reported that <sup>Redacted</sup> had continued <sup>Redacted</sup>. Also, Claimant 2 specifically reported <sup>Redacted</sup>.

Claimant 1's information was sufficiently specific, timely, and credible to cause the Division to commence an investigation into <sup>\*\*\*</sup> <sup>Redacted</sup>. Although the Initial Investigation <sup>Redacted</sup> Investigation resulted in the <sup>Redacted</sup>, which was based, in large part, on information first provided to the Commission by Claimant 1, <sup>Redacted</sup>.

Claimant 2's information also led to the successful enforcement of the <sup>Redacted</sup>.

In arriving at its award determination, the CRS found that several factors weigh in favor of a <sup>\*\*\*</sup> award for Claimant 1 and a <sup>\*\*\*</sup> award for Claimant 2. The CRS considered the significance of the information provided by Claimant 1 and Claimant 2. 17 C.F.R. § 165.9(b)(1). Many of the factual claims supporting the <sup>Redacted</sup> charge set forth in the <sup>Redacted</sup> were based upon information that was originally provided by Claimant 1. <sup>Redacted</sup> was based upon information from Claimant 2, Claimant 1's having <sup>Redacted</sup> figured prominently in the <sup>Redacted</sup>.

The CRS also evaluated the degree of assistance provided by Claimant 1 and Claimant 2. Claimant 1 <sup>Redacted</sup>

Claimant 2 provided

substantial assistance to the Commission

Redacted

The CRS further considered the factors that may serve to decrease a whistleblower's award. 17 C.F.R. § 165.9(c). The CRS found that none of these factors apply to Claimant 1. However, the CRS decreased the award amount for Claimant 2 Redacted

**C. Claimant 2's Request for Reconsideration**

In his/her request for reconsideration, Claimant 2 disputed the CRS's findings Redacted

**1. The CRS's Finding that Claimant 2 Unreasonably Delayed Reporting to the Commission is Supported by the Record**

Claimant 2 argued that his/her award should not be reduced for unreasonable reporting delay because Redacted

Although Claimant 2 complained

Redacted

Redacted

The CRS's determination that Claimant 2 knew about at least by Redacted is supported by the record.

Redacted

In his/her reconsideration request, Claimant 2

Redacted

The facts remain – Claimant 2 delayed before reporting to the Commission. Therefore, the CRS’s determination to reduce Claimant 2’s award due to unreasonable reporting delay is warranted. *See* 17 C.F.R. § 165.9(c)(2).

Redacted

**2. Given the CRS’s Finding that Claimant 2 Unreasonably Delayed Reporting to the Commission,**

Redacted

**Claimant 2’s Award**

**Amount is Appropriate**

Redacted

But the determination of appropriate percentages for whistleblower awards involves a highly individualized review of the facts and circumstances. The analytical framework in the Rules provides general principles without mandating a particular result. The criteria for determining the amount of an award in Rule 165.9, 17 C.F.R. § 165.9, are not assigned relative importance, and the factors for increasing or decreasing an award amount are not listed in any order of importance.

The Rules also do not specify how much any of these factors should increase or decrease an award amount. The absence of any one of the positive factors in Rule 165.9(b) does not mean that the aggregate award percentage will be lower than 30%, and the absence of any of the negative factors in Rule 165.9(c) does not mean that the aggregate award percentage will be higher than 10%.

Accordingly, we find that the CRS's determination that Claimant 2 unreasonably delayed reporting to the Commission is a sufficient basis for reducing Claimant 2's award. Redacted

#### D. Claimant 3's Request for Reconsideration

In his/her request for reconsideration, Claimant 3 acknowledged that his/her information did not cause the Commission to open either the Redacted Investigation or Redacted Investigation. However, Claimant 3 argued that his/her original information significantly contributed to the Redacted due to the quantity and quality of it, the Redacted, and his/her assistance in helping Division staff understand Redacted that occurred Redacted.

Claimant 3 summarized his/her arguments as to why he/she should be eligible for an award in his/her award application, which was part of the record that the CRS reviewed in determining award eligibility. In his/her reconsideration request, Claimant 3 did not provide any information about his/her contributions that was not already part of the record before the CRS at the Preliminary Determination stage.

Additionally, Claimant 3 did not identify any *original information* that he/she provided to the Commission and that significantly contributed to the Redacted. See 17 C.F.R. § 165.2(i)(2). In support of his/her argument that an award is merited, Claimant 3 cited to a U.S. Securities and Exchange Commission ("SEC") whistleblower award order stating that "[i]n determining whether an individual's information significantly contributed to an action, we consider factors such as whether the information allowed us to bring the action in significantly less time or with significantly fewer resources ..." See SEC Order Determining Whistleblower Award Claims, No. 2018-8 (Mar. 19, 2018) ("SEC WB Order"), at 8. However, as with the Commission's Rules, the information subject to the inquiry must be "original" information. See 17 C.F.R. § 165.2(i)(2).<sup>3</sup> In his/her reconsideration request, Claimant 3 did not shed any new light on the originality of the information that he/she submitted that he/she believes significantly contributed to the successful outcome of the Redacted Investigation. Therefore, the CRS's denial of an award for Claimant 3 is merited.

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<sup>3</sup> Indeed, in the text preceding that cited by Claimant 3, the SEC WB Order provides that the relevant inquiry is whether, in the context of an existing investigation, a whistleblower's "*original* information significantly contributes to the success of [an SEC] judicial administrative enforcement action." SEC WB Order, at 8 (*italics added*).

II. AWARD FOR THE Redacted

In the Preliminary Determination, the CRS recommended that the Commission grant an award Redacted to Claimant 2 for the Redacted . Claimant 2 voluntarily notified the Division Redacted

The Division commenced the Redacted Investigation based on Claimant 2's report Redacted

To be clear, Claimant 2 was the first to bring information about Redacted to the Commission. Claimant 2 also assisted in the Redacted Investigation by Redacted

Redacted

On reconsideration, therefore, the CRS recommended an award to Claimant 2 Redacted on the Redacted . We agree with this recommendation.

III. THE OTHER CLAIMANTS

Claimant 1, Claimant 4, and Claimant 5 did not request reconsideration of the Preliminary Determination. Pursuant to Rule 165.7(h), 17 C.F.R. § 165.7(h), the Preliminary Determination became final with respect to Claimant 4 and Claimant 5. The Preliminary Determination recommending an award to Claimant 1 became a Proposed Final Determination as to him/her. The failure to timely submit a response contesting the Preliminary Determination constitutes a failure to exhaust administrative remedies. Accordingly, these claimants are prohibited from pursuing an appeal under Rule 165.13, 17 C.F.R. § 165.13.

IV. CONCLUSION

The Commission agrees with the CRS's recommendation. Accordingly, it is hereby ORDERED that Claimant 1 shall receive an award of Redacted of the monetary sanctions collected with respect to the Redacted , amounting to an award Redacted . It is further ORDERED Claimant 2 shall receive an award of Redacted of the monetary sanctions collected with respect to the Redacted and Redacted of the monetary sanctions collected with respect to the Redacted , amounting to an award of Redacted . It is finally ORDERED that the claims of Claimant 3, Claimant 4, and Claimant 5 are denied.

By the Commission.

A handwritten signature in black ink that reads "Robert Sidman". The signature is written in a cursive style with a large initial "R".

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Robert Sidman  
Deputy Secretary of the Commission  
Commodity Futures Trading Commission

Dated: November 8, 2024