

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 ; and
Redacted ("Claimant 4"),
Redacted
In Connection with
Notice of Covered Action No. Redacted
CFTC Whistleblower Award
Determination No. 24-WB-09

ORDER DETERMINING WHISTLEBLOWER AWARD CLAIMS

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

the "Covered Action").<sup>1</sup> The Claimants also applied for related action awards arising out of an action brought by the Redacted ("Authority"). The Authority's parallel investigation resulted in Redacted

the "Related Action").

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 (“Act”), 7 U.S.C. § 26, and issued a Preliminary Determination. The Preliminary Determination recommended a total award of \*\*\* of the monetary sanctions collected in the Covered Action, with \*\*\* awarded to Claimant 1 and \*\*\* each awarded to Claimant 2, Claimant 3, and Claimant 4, and a total award of \*\*\* of the monetary sanctions collected in the Related Action, with \*\*\* awarded to Claimant 1 and \*\*\* each awarded to Claimant 2, Claimant 3, and Claimant 4. No claimant contested the CRS’s Preliminary Determination, so it has become the CRS’s Proposed Final Determination. The Commission hereby adopts the CRS’s Proposed Final Determination for the reasons that the CRS provided.

## I. ELIGIBILITY FOR AWARD ON COVERED ACTION

Claimants are all eligible for a whistleblower award on the Covered Action because each meets the requirements of Section 23 of the Act and the Rules. All Claimants are whistleblowers who provided original information that led to the successful enforcement of the Covered Action under Rule 165.2(i), 17 C.F.R. § 165.2(i). None of the Claimants fall into any of the categories of individuals ineligible for awards pursuant to Rule 165.6(a), 17 C.F.R. § 165.6(a).

Two aspects of Claimants’ eligibility for awards warrant additional analysis: (1) the timing of Claimants’ filing Form TCR relative to when the Claimants shared original information with the CFTC and when the Covered Action was resolved and (2) the distribution of the whistleblower award among the Claimants.

### A. Filing Form TCR After the Covered Action was Resolved

Claimants all qualify as whistleblowers. A whistleblower is an individual “who provides information relating to a violation of [the CEA] to the Commission, in a manner established by rule or regulation by the Commission.” *See* 7 U.S.C. § 26(a)(7). The Rules specify that a whistleblower is an individual who provides information to the Commission about potential CEA violations by submitting a CFTC Form TCR, Tip, Complaint and Referral (“Form TCR”). *See* 17 C.F.R. §§ 165.2(p), 165.3. Each claimant voluntarily provided original information to the Commission prior to filing a Form TCR, and each filed a Form TCR containing information about potential CEA violations after the Redacted had been issued. However, Rule 165.3(a), *id.* § 165.3(a), “does not require a whistleblower to submit information on a Form TCR in his/her initial submission.” *See* CFTC Whistleblower Award Determination No. 20-WB-02, 2019 WL 8229189 (Dec. 19, 2019), at 2. Indeed, a claimant may “file[] a Form TCR to perfect his/her status as a whistleblower after the conclusion of the investigation,” as each claimant did in this case. *Id.*

### B. The Award Distribution Among Claimants

The Commission’s Division of Enforcement (“Division”) commenced the investigation that led to the Covered Action based on information Claimant 1 submitted Redacted which was subsequently transmitted to the CFTC. Redacted

Redacted

All Claimants provided “original information” to the Commission. *See* 17 C.F.R. § 165.2(k). Each claimant’s information was based upon his or her independent experiences and observations with respect to Redacted and it was previously unknown to the Commission. *See* 17 C.F.R. § 165.2(k)(2). Redacted

Claimant 1’s information was sufficiently specific, credible, and timely to cause the Division to commence its investigation Redacted, and it also significantly contributed to the success of the Covered Action. Multiple claims in the Covered Action centered exclusively around Redacted. Claimant 1’s information also linked the inquiry Redacted. The Division discovered significant information used in the Covered Action as a result of its inquiry into Redacted.

The information provided by Claimant 2, Claimant 3, and Claimant 4 also significantly contributed to the Division’s investigation. Redacted

## II. COVERED ACTION AWARD PERCENTAGE

The Commission agrees with the CRS’s recommendation that an aggregate \*\*\* award is appropriate since Claimant 1’s information caused the Commission to open its investigation, and all Claimants provided information that significantly contributed to the success of the Covered Action and assisted in the investigation. *See* 17 C.F.R. § 165.9(a)(1), (a)(2). Additionally, the CFTC’s significant interests in preventing, deterring, and punishing Redacted support this award. 17 C.F.R. § 165.9(a)(3), (a)(4), (b)(3). Additionally, none of the negative factors set forth in Rule 165.9(c) applies to any claimant in this case.

The Commission also finds the CRS’s proposed distribution of award percentages to be appropriate. The determination of appropriate percentages for whistleblower awards involves a highly individualized review of the facts and circumstances. The relative significance of each claimant’s information and other factors merit an \*\*\* award for Claimant 1 and a \*\*\* award for each of Claimant 2, Claimant 3 and Claimant 4. Claimant 1’s information was of paramount significance to the success of the Covered Action. 17 C.F.R. § 165.9(b)(1). Claimant 1’s information both caused the Division to open the investigation Redacted and was highly significant to the successful outcome of the Covered Action. Although the information Claimant 2, Claimant 3, and Claimant 4 provided was also significant to the Covered Action Redacted

Redacted

. Moreover, the

Redacted

, would not have been achieved without Claimant 1’s information.<sup>2</sup> The information from Claimant 2, Claimant 3, and Claimant 4 did not contribute to Rather, Redacted centered entirely around Redacted

Moreover, although all Claimants cooperated with the Division’s investigation, Claimant 1’s information assisted the Commission in conserving resources the most since Claimant 1 Redacted . 17 C.F.R.

§ 165.9(b)(2)(iii). Claimant 2, Claimant 3, and Claimant 4 appear to have provided the Commission with the same type of information Redacted , and their information was equally impactful to the investigation, so an equal award percentage for each of them is appropriate.

Based on these factors, the Commission agrees with the CRS’s recommendation of a \*\*\* award on the Covered Action. Redacted

Claimant 1 and Redacted the proposed percentages would result in payments of Redacted to each to Claimant 2, Claimant 3, and Claimant 4. Redacted

**III. RELATED ACTION AWARD**

The CRS further recommended the Commission grant Claimants’ applications for awards on the Related Action. To begin with, the Authority is in one of the categories of entities listed in Rule 165.11(a)(1), 17 C.F.R. § 165.11(a)(1). Also, under Rule 165.11(a)(2), *id.* § 165.11(a)(2), the Related Action was “based on” original information received from the Claimants, which the Claimants voluntarily submitted, and which led to the successful enforcement of the Covered Action. *See* 17 C.F.R. § 165.11(a)-(b). As with a covered action, a related action award shall, in total, be no less than 10% or more than 30% of the monetary sanctions collected in that action. 7 U.S.C. § 26(b)(1).

Claimant 1 provided information to the Authority Redacted . The CFTC and Authority conducted parallel investigations and shared information Redacted . As with Redacted was based upon information provided by Claimant 1 and centered around Redacted

The Related Action was also based on the original information provided by Claimant 2, Claimant 3, and Claimant 4. Both the CFTC and Authority undertook further investigation after Redacted these claimants came forward. Redacted

<sup>2</sup> Redacted

Redacted Authority was prepared to Redacted acknowledged that, if not for Redacted Redacted

Based on the above, the CRS recommended granting the same award percentages for the related action as those recommended for the Covered Action since the Claimants' respective contributions to the Related Action were commensurate with their contributions to the Covered Action. Since Redacted on the Related Action, an \*\*\* award for Claimant 1 would result in an award Redacted, a \*\*\* award for each for Claimant 2, Claimant 3, and Claimant 4 would result in awards Redacted

**IV. CONCLUSION**

The Commission adopts the CRS's Proposed Final Determination for the four Claimants' claims on the Covered Action and the Related Action. It is hereby ORDERED that Claimants shall receive \*\*\* of the monetary sanctions collected, or to be collected, in the Covered Action; and \*\*\* of the monetary sanctions collected, or to be collected, in the Related Action, with \*\*\* awarded to Claimant 1 and \*\*\* awarded each to Claimant 2, Claimant 3, and Claimant 4.

By the Commission.



Robert Sidman  
Deputy Secretary of the Commission  
Commodity Futures Trading Commission

Dated: September 23, 2024