

SEC CONTINUES 2020 WHISTLEBLOWER AWARD SURGE; HOTLINE VIGILANCE IS KEY DURING COVID-19 PANDEMIC

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Despite the challenges of the COVID-19 pandemic, the SEC continues its surge in whistleblower awards, announcing on April 20 a \$5 million award to a whistleblower who provided critical evidence of wrongdoing that benefitted the SEC's investigation, while also suffering unique hardship because of termination soon after raising concerns internally. A few days earlier, on April 16, the SEC announced its largest award so far in 2020, more than \$27 million to a whistleblower who objected to misconduct in an organization, after repeatedly and strenuously raising concerns internally.

Jane Norberg, Chief of the SEC Office of Whistleblower, noted that the April 20 award was the seventh announced by the SEC in the last month. "These awards demonstrate the valuable contributions whistleblowers make to the protection of markets and investors and we encourage people to come forward with information about possible securities law violations," Norberg said in the April 20 SEC press release.

The SEC has awarded approximately \$430 million to 80 individuals since 2012. All payments are made from an investor protection fund established by Congress that is funded entirely through monetary fines and penalties paid to the SEC by companies and individuals accused of securities law violations.

This noteworthy increase in awards reminds us that despite the unique communication and remote working challenges of COVID-19, companies must continue to promote access to hotlines or other avenues for employees, and potentially others, to report concerns and must maintain robust internal compliance programs. Audit Committees and company management, as applicable, must have procedures in place to diligently follow up on such hotline reports and take appropriate action when needed.

For more information on potential SEC enforcement considerations, see [U.S. Securities and Exchange Commission Issue a \\$27 Million Enforcement Reminder](#).

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