

SEC's Cohen Predicts "Extremely Significant Whistleblower Awards" Coming Soon

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Securities whistleblowers may have reason to celebrate soon, according to Stephen Cohen, the Associate Director of the Enforcement Division of the Securities and Exchange Commission ("SEC"). At a panel at the [Corporate Crime Reporter conference](#) last month held at the National Press Club, Cohen stated that within the next couple months, the SEC's burgeoning whistleblower program will produce "incredibly impactful cases" with "some extremely significant whistleblower awards." This is welcome news to employees who have risked their careers to report securities fraud, and who have been waiting patiently for the SEC to demonstrate its willingness to [reward whistleblowers](#) for the information they provide. Cohen cautioned, however, that "the proof on how successful the program is going to have to wait five or ten years." Cohen added, however, that "the question on whether it turbocharges the enforcement program or makes the program more successful to me is undeniable because of the type of information we are receiving and how we are using it in some of our investigations." Cohen explained that the SEC is "receiving information from individuals much closer in time to the misconduct, in some instances during the misconduct, and these individuals are often insiders, which is very unusual, are in a position to point us precisely to where the useful information is and save us extraordinary resources." Cohen praised the hard work of whistleblowers and their attorneys even more in his remarks, noting that "whistleblowers and in some instances counsel are putting together information for us, sometimes in huge reports with evidence, with documents, bringing it to us, and giving us sometimes a roadmap, sometimes a starting place for us to do an investigation, at least pointing us in the right direction — sometimes helping us all along the way to the end." Cohen also discussed comparisons between the new [SEC whistleblower program](#) and the similar programs set up for providing and litigating whistleblower information under the [False Claims Act](#) at the Department of Justice. Cohen also spent more time discussing how closely the SEC's whistleblower office works with whistleblowers and their attorneys in collecting and analyzing information. Cohen concluded by stating that "I expect you will see a lot more impact from the program publicly in the coming months and years." For years, the law firm of Katz, Marshall & Banks has been representing financial whistleblowers, first under the Sarbanes-Oxley Act of 2002 ("SOX") and later under the whistleblower incentive and whistleblower protection provisions of the 2010 Dodd-Frank Act. Last month, a [whistleblower tip](#) provided by a Katz, Marshall & Banks client was responsible for the SEC collecting a \$300,000 penalty from Institutional Shareholder Services, Inc. ("ISS"), the nation's largest shareholder advisory firm. According to [David J. Marshall](#), a partner at Katz, Marshall & Banks, "Cohen's remarks are very encouraging to whistleblowers and their advocates. We understand that it takes time to investigate whistleblowers' tips, and it will be good for both whistleblowers and the public to see these whistleblowers rewarded and these companies held accountable."