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RISK & COMPLIANCE JOURNAL

# Whistleblower Is Awarded \$28 Million in Panasonic Avionics Case

SEC says sum is one of 10 largest awards paid out by its whistleblower program



The SEC didn't name the company and didn't identify the tipster, in keeping with the regulator's policy.

PHOTO: ANDREW KELLY/REUTERS

By [Mengqi Sun](#)

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The U.S. Securities and Exchange Commission said it awarded more than \$28 million to a whistleblower whose tip helped the regulator and the Justice Department launch investigations that led to bribery charges against a U.S. subsidiary of Japanese electronics company [Panasonic](#) Corp. and former executives.

The SEC said the sum is one of the 10 largest awards paid out by its whistleblower program, which was created by the 2010 Dodd-Frank Act.

The regulator, which announced the award Wednesday, didn't name the company and didn't identify the tipster, in keeping with its policy. But lawyers representing the whistleblower said the award was connected to 2018 bribery settlements involving Panasonic Avionics Corp., a Lake Forest, Calif.-based unit of Panasonic that makes entertainment and communication systems for aircraft.

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The tipster, who isn't a Panasonic employee, notified the SEC about alleged wrongdoing at the company in countries in Asia and Europe, prompting the regulator to open the investigation, according to the whistleblower's lawyers, Christopher Connors of Connors Law Group LLC and Andy Rickman of Rickman Law Group LLP.

Under the SEC program, whistleblowers are entitled to between 10% and 30% of monetary penalties when their tips result in a successful enforcement action and when the penalties total more than \$1 million.

The tipster in the Panasonic Avionics case received 10% of the monetary penalties collected from both the SEC and the Justice Department actions, according to documents viewed by The Wall Street Journal.

The award "shows the SEC's continued commitment to rewarding [Foreign Corrupt Practices Act] whistleblowers under the program," Messrs. Connors and Rickman said in a statement, noting that this was the third SEC whistleblower award related to FCPA violations their clients received in the past few years.

A spokesman for Panasonic Avionics declined to comment. Representatives for Panasonic didn't respond to a request for comment.

The chief executive of Panasonic Avionics said in 2018 that the company was pleased to have resolved the matter and had taken steps to improve its compliance program and internal controls. Panasonic said it disclosed the U.S. investigations to investors in February 2017.

Panasonic Avionics in April 2018 agreed to pay the SEC more than \$143 million to resolve accusations that it violated the Foreign Corrupt Practices Act and engaged in accounting fraud. The FCPA, a U.S. antibribery law, prohibits the use of bribes to foreign officials to win or keep business.

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Later in 2018, the SEC accused the former chief executive and former chief financial officer of Panasonic Avionics of violating federal securities laws.

The Justice Department also announced in 2018 that Panasonic Avionics had entered into a deferred prosecution agreement and agreed to pay \$137 million. U.S. prosecutors alleged that the company retained consultants for improper purposes and concealed payments to third-party sales agents, including in China and other Asian countries.

SEC staff said in the documents viewed by The Wall Street Journal that the tipster's information prompted the agency and the Justice Department to begin investigating potential improprieties at the company. But the settlements ultimately focused on misconduct in different regions than the one identified by the tipster and were based on information reported by the company and following investigative efforts by SEC and Justice Department staff, according to the documents.

The SEC said in 2018 that Panasonic Avionics had offered a consulting position to a government official at a state-owned airline to get help in obtaining and retaining business from the airline. Panasonic Avionics at the time was negotiating agreements with the airline that were valued at more than \$700 million, the SEC alleged. The

company hired the official and used a third-party vendor to conceal the payments, the SEC said.

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