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Whistleblower in Healthcare Bribery Case Won the Largest SEC Award This Year

Lawyers representing the whistleblower said the award was connected to a Foreign Corrupt Practices Act settlement reached by the SEC and DOJ with a publicly traded European healthcare company



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PHOTO: ANDREW KELLY/REUTERS

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The U.S. Securities and Exchange Commission has awarded more than \$37 million to an individual for reporting information about a bribery scheme at a large European healthcare company.

The sum is the highest award paid out to a single whistleblower so far this calendar year and one of the top 10 largest awards ever paid out by the SEC's whistleblower program to an individual, according to the SEC.

The award comes as the SEC recently announced it had received a record-breaking number of tips in fiscal year 2022, totaling more than 12,300 in the year ending Sept. 30, according to its annual report to Congress published last month. The SEC has given out

more than \$1.3 billion of awards since the beginning of its whistleblower program, which was created by the 2010 Dodd-Frank Act, according to the report.

The regulator, which announced the award Monday, 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 a Foreign Corrupt Practices Act settlement reached by a publicly traded European healthcare company with the SEC and the Justice Department. The attorneys also declined to identify the company that was the subject of the action or the individual who provided the tips in keeping with confidentiality protections for whistleblowers.

“We have seen a sharp increase in recent years in increased investigative activity by the SEC and DOJ—especially involving whistleblowers—in the healthcare industry,” Christopher Connors of Connors Law Group LLC and Andy Rickman of Rickman Law Group LLP, who represent the whistleblower, said in a statement. They added that they have several ongoing cases involving FCPA healthcare whistleblowers.

The attorneys said the whistleblower, a company outsider, provided information related to a bribery scheme in which the distributors of the company inflated the profit margin on sales of the healthcare products sold to foreign hospitals and used the extra cash to bribe foreign government officials to procure business.

The FCPA, a U.S. antibribery law, prohibits the use of bribes to foreign officials to win or keep business.

Although the whistleblower didn't first report the information to the company, a qualification requirement under the rules of the SEC's whistleblower program that was meant to encourage internal reporting, the regulator said the whistleblower made persistent efforts to bring attention of the misconduct to the regulator and the company. The SEC credited the whistleblower's information for leading to the start of an internal investigation at the company, and the SEC decided to waive the requirement.

Under the SEC program, whistleblowers are eligible for 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.

Jason Zuckerman, a whistleblower attorney at Zuckerman Law in Washington, D.C., said the SEC program is processing applications more efficiently, adding that his firm has received three awards on behalf of clients this year, one of which was paid within eight months of submitting an application. “The SEC whistleblower program has hit its stride and is generating high-quality disclosures that supercharge enforcement of the securities law and protect investors,” he said.

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