

Articles + Publications | July 24, 2025

SEC Whistleblower Awards Face Scrutiny as Denials Rise

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A recent article by Bloomberg Law highlighted a significant shift in the Securities and Exchange Commission's (SEC) approach to whistleblower claims. The article, "[Whistleblower Awards Slow to Trickle as SEC Raises Bar on Claims](#)," reveals that the SEC has denied awards in 31 consecutive orders between April 21 and July 15, marking the longest drought in the history of the program established by the Dodd-Frank Act of 2010.

Bloomberg Law's Findings

Bloomberg Law's review of 65 final orders issued this year shows that the SEC has approved only about 13% of claims, a stark contrast to last year's 37% approval rate by the end of July. According to Bloomberg Law, this decline has raised concerns among attorneys and whistleblower advocates about the commission's current practices, with both groups agreeing that the SEC is scrutinizing cases more closely.

The article also discusses the SEC's recent rebuke of a \$14 million award given to Carson Block, CEO of Muddy Waters Capital, in 2022. Block's award, initially granted despite not following formal tip submission procedures, has become entangled in lawsuits and allegations of inconsistent rule application. The SEC's May 5 order disavowed the previous commission's approach, emphasizing adherence to statutory requirements.

Perspectives on the Program's Future

The SEC has previously touted its Whistleblower program as a key component of its enforcement efforts. In the past, the SEC also has widely publicized its whistleblower monetary awards to encourage others to become whistleblowers. The findings published by Bloomberg Law suggest that the current SEC may be trying to tamp down on the program.

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