

***Indiana Awards for Reporting Securities Violations***

As amended by P.L.71-2014

**IC 23-19-7-1 et seq.****IC 23-19-7-1 "Commissioner"**

As used in this chapter, "commissioner" refers to the securities commissioner appointed by the secretary of state under IC 23-19-6-1(a).

**IC 23-19-7-2 "Division"**

As used in this chapter, "division" refers to the securities division of the office of the secretary of state.

**IC 23-19-7-3 "Fund"**

As used in this chapter, "fund" refers to the securities restitution fund established by IC 23-20-1-25.

**IC 23-19-7-4 "Informant"**

(a) As used in this chapter, "informant" means an individual who provides original information concerning a violation of this article to the division.

(b) The term does not include an individual who is:

- (1) a journalist, a reporter, or any other member of the news media if the individual discovers or acquires the original information in the course of investigating or reporting a story, as part of an assignment, or through any other means related to the individual's work for, or in connection with, the news media; or
- (2) an employee of the division.

**IC 23-19-7-5 "Monetary sanction"**

As used in this chapter, "monetary sanction" refers to money required to be paid under this article as the result of a judicial or an administrative action, including any penalties imposed or amounts ordered through an order of disgorgement. However, the term does not include any amounts ordered or identified as restitution.

**IC 23-19-7-6 "Original information"**

As used in this chapter, "original information" means information that:

- (1) is provided to the division by an informant;
- (2) is derived from the independent knowledge or analysis of the informant;

- (3) is not known to or derived by the informant exclusively from:
  - (A) an allegation made in a judicial or an administrative proceeding;
  - (B) a government audit, investigation, hearing, or report; or
  - (C) a media report or an individual described in section 4(b)(1) of this chapter; and
- (4) would not otherwise be known to the division if the informant had not provided the information to the division.

### **IC 23-19-7-7 Award to informant for original information leading to successful enforcement action; commissioner to determine amount; award to be paid from fund; limit on aggregate amount of awards**

(a) Except as provided in section 9 of this chapter, and subject to subsection (b) and section 8 of this chapter, if:

- (1) an informant:
  - (A) voluntarily provides in writing, and in the form or manner required by the commissioner, original information to the division; and
  - (B) includes, as part of the writing provided under clause (A), a signed statement indicating that the informant reasonably believes that the act or omission disclosed through the original information provided constitutes a violation of this article; and
- (2) the original information provided by the informant leads to the successful enforcement of a judicial or an administrative action under this article;

the commissioner may award an amount, to be determined by the commissioner and paid from the fund, to the informant for the original information provided.

(b) The commissioner may provide an award to one (1) or more informants in any single judicial or administrative proceeding under this article. However, the aggregate amount of the awards in any single judicial or administrative proceeding may not exceed ten percent (10%) of the total monetary sanctions imposed or ordered in the action.

### **IC 23-19-7-8 Considerations in determining amount of award**

In determining the amount of an award to be paid under this chapter, the commissioner shall consider:

- (1) the significance of the original information provided by the informant to the successful enforcement of the judicial or administrative action under this article;
- (2) the degree of assistance or cooperation provided by the informant in connection with the judicial or administrative proceedings;
- (3) the programmatic interest of the commissioner in deterring a violation of this article by making awards to informants who provide original information leading to the successful enforcement of this article; and
- (4) any other factors the commissioner considers relevant.

### **IC 23-19-7-9 Circumstances when award prohibited**

The commissioner may not provide an award to an informant under this chapter if the informant:

- (1) is convicted of a crime in connection with the judicial or administrative proceeding for which the informant provided the original information;

- (2) acquired the original information in performing an examination of financial statements required under securities laws or regulations, if the informant's subsequent disclosure of the information acquired constitutes a violation of 15 U.S.C. 78j-1;
- (3) fails to provide the original information to the division in the manner prescribed by section 7(a)(1) of this chapter and in accordance with any other requirements prescribed by the commissioner;
- (4) knowingly or recklessly makes a false, fictitious, or fraudulent statement or a misrepresentation as part of, or in connection with:
  - (A) the original information provided; or
  - (B) the judicial or administrative proceeding for which the original information was provided;
- (5) uses, relies on, or provides a false writing or document knowing that, or with reckless disregard as to whether, the writing or document contains false, fictitious, or fraudulent information;
- (6) knows that, or has a reckless disregard as to whether, the original information provided is false, fictitious, or fraudulent; or
- (7) has a legal duty to provide the original information to the division.

**IC 23-19-7-10 Right or obligation to present evidence to grand jury or share evidence in criminal investigation unaffected**

This chapter does not limit or negate any right or obligation of any individual to present evidence to a grand jury or to share evidence with potential witnesses or defendants in the course of an ongoing criminal investigation.