

SEC Action Warns Against Restrictive Confidentiality Agreements

A recent enforcement action by the U.S. Securities and Exchange Commission against KBR serves as a warning to companies that efforts to silence potential whistleblowers through restrictive confidentiality agreements will not be tolerated, report two Dechert LLP lawyers.

The action aims to protect employees from signing confidentiality agreements that would prevent them from acting as whistleblowers. On April 1, 2015, the SEC announced a settlement with KBR, Inc. in which KBR will pay a \$130,000 civil penalty and agreed to cease and desist from any future violations of SEC Rules, while not admitting or denying the SEC's charges.

"As the first enforcement action of its kind, the SEC has taken an aggressive stance against KBR, one of the country's largest government contractors." write Nicolle Jacoby and Jamie Hacker.

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