

SEC Fines KBR for Violating Dodd-Frank Whistleblower Protection Rule

The U.S. Securities and Exchange Commission (SEC) has announced the resolution of its first enforcement action against a company for violations of the whistleblower protection provisions of the Dodd-Frank Act regulations, according to a report written by three lawyers with Ropes & Gray.

Under a “no admissions” resolution, KBR Inc. agreed to pay a \$130,000 penalty to resolve charges that the language it used in its confidentiality agreements during internal investigations violated SEC Rule 21F-17. In a voluntary “remedial action,” KBR also amended its internal investigation confidentiality agreements to state that employees are not prohibited from reporting, without prior company consent, violations of federal law to the Department of Justice, SEC, or other relevant federal agencies.

“As alleged in the SEC’s cease-and-desist order, as part of its internal investigation process, KBR required employees to agree to – and in some instances sign – a written confidentiality agreement warning that the employee could be subject to discipline (including termination) if, without ‘prior authorization of the Law Department,’ he or she “discuss[ed]” with outside parties ‘any particulars regarding [the internal investigation] interview [or] the subject matter discussed during the interview,’ ” the article explains.

Read the story.