

Table of Contents

About the Authors	vii
Acknowledgments	ix
Table of Chapters	xi
Preface	xxv

Chapter 1 The Sarbanes-Oxley Act

§ 1:1	Introduction	1-1
§ 1:2	SOX Section 806 Regarding Whistleblowers	1-2
§ 1:3	Legislative History	1-3
§ 1:4	Retroactivity	1-3

Chapter 2 Who Is Covered?

§ 2:1	Publicly Traded Companies, Subsidiaries, Affiliates, Officers, Employees, Contractors, Subcontractors, or Agents	2-1
§ 2:1.1	Individual Liability.....	2-2
§ 2:1.2	Covered Employees.....	2-3
§ 2:1.3	Employees Outside of the United States	2-7
§ 2:1.4	Independent Contractors	2-11
§ 2:2	Non-Publicly Traded Subsidiaries	2-13
§ 2:3	Parent Company Liability for Subsidiaries' Actions	2-15
§ 2:4	Special Provisions for Securities Analysts	2-18

Chapter 3 The Administrative Process

§ 3:1	Filing a Complaint with the Department of Labor, OSHA	3-2
§ 3:1.1	Statute of Limitations	3-3
[A]	Tolling	3-4
[B]	Continuing Violations Doctrine.....	3-7

§ 3:2	OSHA Claims Handling: Investigation of Sarbanes-Oxley Claims.....	3-8
§ 3:2.1	Confidentiality, FOIA Requests.....	3-8
§ 3:2.2	Preliminary Prima Facie Showing and Burden of Proof	3-10
§ 3:2.3	Respondent's Position Statement	3-11
§ 3:2.4	Investigation and Determination	3-12
	[A] Preliminary Reinstatement	3-12
	[B] Economic Reinstatement	3-13
	[C] Motion for Stay of Preliminary Reinstatement.....	3-14
	[C][1] Irreparable Injury	3-14
	[C][2] Likelihood of Success on the Merits	3-15
	[C][3] Balancing of Harms.....	3-15
	[D] Enforcement of Preliminary Reinstatement Orders.....	3-16
	[D][1] Federal Court Enforcement.....	3-16
	[D][2] ALJ Sanctions.....	3-17
§ 3:3	Appeals of OSHA Investigator Determinations	3-18
§ 3:4	Administrative Law Judge Hearing	3-19
§ 3:4.1	Discovery.....	3-20
§ 3:4.2	Expert Testimony	3-21
§ 3:4.3	Amendments to the Complaint	3-22
§ 3:4.4	Dispositive Motions.....	3-24
	[A] Motion for Dispositive Action	3-24
	[B] Motion for Summary Decision	3-25
§ 3:5	Appeals Process	3-25
§ 3:5.1	Appeal to Administrative Review Board	3-25
§ 3:5.2	Interlocutory Appeals to the ARB	3-27
§ 3:5.3	Appeal to Court of Appeals	3-28
§ 3:6	Settlement	3-28
§ 3:6.1	Release of SOX Claims.....	3-30

Chapter 4 Federal District Court and Alternative Forums

§ 4:1	Introduction	4-1
§ 4:1.1	Statute of Limitations	4-5
§ 4:1.2	Implications of Exhaustion Requirement	4-7
§ 4:1.3	Jury Trial.....	4-10
§ 4:2	Arbitration of Sarbanes-Oxley Claims	4-11
§ 4:2.1	Arbitrability of SOX Claims Under FINRA Rules.....	4-14
§ 4:3	Res Judicata and Collateral Estoppel.....	4-15
§ 4:4	Is De Novo Review Available After Secretary's Order Becomes Final?	4-19

Chapter 5 Elements of a Prima Facie Case and Employer Defenses

§ 5:1 Introduction 5-2

§ 5:2 Protected Activity 5-4

 § 5:2.1 “Reasonable Belief” Standard 5-5

 [A] Belief of an Existing, As Opposed to Future, Violation 5-5

 [B] Objective and Subjective Components of Reasonable Belief Standard 5-8

 [B][1] Objectively Reasonable Belief 5-9

 [B][1][a] Reasonable Person with Similar Training and Experience 5-9

 [B][1][b] Laws, Rules, and Regulations Covered by Section 806 5-11

 [B][1][b][i] Mail Fraud: 18 U.S.C. § 1341 5-12

 [B][1][b][ii] Wire Fraud: 18 U.S.C. § 1343 5-15

 [B][1][b][iii] Bank Fraud: 18 U.S.C. § 1344 5-16

 [B][1][b][iv] Securities Fraud: 18 U.S.C. § 1348 5-18

 [B][1][b][v] Any Rule or Regulation of the SEC 5-21

 [B][1][b][vi] Any Provision of Federal Law Relating to Fraud Against Shareholders 5-22

 [B][2] Fraud Against Shareholders 5-26

 [B][3] Materiality 5-29

 [B][4] Reporting Within Normal Job Duties 5-33

 [B][5] Violations of Internal Company Policy 5-34

 [B][6] Violations of State Law 5-36

 [B][7] Violations by Third Party 5-37

 [C] Subjectively Reasonable Belief 5-38

 [D] “Provide Information” 5-40

 [D][1] Whether Report Must Definitively and Specifically Relate to Enumerated Category of Violations 5-42

 [D][2] Relevant Inquiry Is What Employee Actually Communicated at Time of Protected Activity 5-45

 [D][3] Refusals to Engage in Behavior 5-47

 [D][4] Providing Information Already Known to the Company 5-49

 [D][5] Providing Information Already Known to the Public 5-50

 [D][6] Providing Information About One’s Own Misconduct 5-50

[E]	“Cause Information to Be Provided or Otherwise Assist”	5-51
[F]	Authority to Investigate, Discover, or Terminate Misconduct.....	5-52
§ 5:3	Knowledge of Protected Activity.....	5-53
§ 5:3.1	Knowledge by Decisionmakers.....	5-55
§ 5:4	Adverse Action	5-57
§ 5:4.1	<i>Burlington Northern</i> Standard.....	5-58
§ 5:4.2	<i>Menendez v. Halliburton</i> Standard.....	5-59
§ 5:4.3	Post-Termination Conduct.....	5-60
§ 5:5	Causation	5-61
§ 5:5.1	Temporal Proximity	5-62
§ 5:5.2	Causal Nexus Between Protected Conduct and Adverse Action.....	5-66
§ 5:6	Clear and Convincing Evidence: Employer’s Legitimate, Nondiscriminatory Reasons	5-68
§ 5:6.1	Poor Performance.....	5-68
§ 5:6.2	Violation of Company Policy.....	5-71
§ 5:6.3	Reduction in Force	5-72
§ 5:6.4	Mixed Motive Cases	5-73
§ 5:7	Pretext	5-75

Chapter 6 Remedies

§ 6:1	Civil Remedies.....	6-1
§ 6:1.1	Compensatory Damages	6-2
[A]	Reinstatement	6-2
[B]	Back Pay with Interest	6-7
[C]	Special Damages (Litigation Costs, Expert Witness Fees, and Reasonable Attorneys’ Fees)	6-10
[D]	Additional “Relief Necessary to Make the Employee Whole”	6-12
[D][1]	Front Pay	6-12
[D][2]	Relocation Costs and Job Search Expenses	6-14
[D][3]	Injury to Reputation and Emotional Distress Damages (Non-Pecuniary Compensatory Damages)	6-14
[D][4]	Other Compensatory Damages	6-16
§ 6:1.2	Punitive Damages.....	6-17
§ 6:1.3	Limitations on Damages.....	6-18
[A]	“After-Acquired Evidence” of Complainant Misconduct.....	6-18
[B]	Complainant’s Duty to Mitigate Damages	6-19

Table of Contents

	[C] Waiver.....	6-21
	[D] Respondent's Right to Attorneys' Fees	6-22
§ 6:2	Criminal Penalties.....	6-24

Chapter 7 Complaint Procedures and Codes of Ethics

§ 7:1	Complaint Procedures Mandated by the Sarbanes-Oxley Act.....	7-1
§ 7:2	Conflicts Between Sarbanes-Oxley 301 and EU Law	7-2
§ 7:3	The European General Data Protection Regulation (GDPR)	7-4
§ 7:4	Code of Ethics Requirement	7-7

Chapter 8 Special Provisions for Attorneys

§ 8:1	Introduction	8-1
§ 8:1.1	Section 307 of SOX.....	8-2
§ 8:1.2	The Client's Right to Discharge Counsel or Wrongful Discharge?	8-3
§ 8:1.3	Attorneys As Whistleblowers and Client Confidences: The Ethical Dilemma	8-7
§ 8:1.4	The Dodd-Frank Act.....	8-12

Chapter 9 Other Statutory and Public Policy Implications of SOX Whistleblower Provisions

§ 9:1	Preemption	9-1
§ 9:2	California Whistleblower Statute.....	9-3
§ 9:3	Public Policy Implications.....	9-5
§ 9:4	Sarbanes-Oxley's Potential to Resurrect Civil RICO Claims in the Employment Context.....	9-7

Chapter 10 Practical Suggestions for Compliance

§ 10:1	Preventative Steps.....	10-1
§ 10:2	Handling the Whistleblower	10-2

Chapter 11 Internal Investigations

§ 11:1	The Importance of Internal Investigations	11-2
§ 11:1.1	Compliance with Obligations Under Sarbanes-Oxley	11-2
§ 11:1.2	Compliance with Fiduciary Duties.....	11-2

§ 11:1.3	Cooperating with Government Investigations	11-2
[A]	SEC—The Seaboard Report and the SEC’s January 2010 Cooperation Policy Statement.....	11-3
[B]	DOJ—Principles of Federal Prosecution of Business Organizations.....	11-6
§ 11:2	Triggering Events	11-9
§ 11:2.1	Internal Investigations After Dodd-Frank	11-9
§ 11:3	First Steps.....	11-11
§ 11:3.1	Assessment of Seriousness.....	11-12
§ 11:3.2	Early Identification of the End Game.....	11-12
§ 11:3.3	Identifying the Decision Maker.....	11-13
§ 11:3.4	Identifying the Investigator and His or Her Role.....	11-13
§ 11:3.5	Defining the Scope of the Investigation	11-14
§ 11:3.6	Getting Control of the Documents	11-15
§ 11:3.7	Stop Wrongful Conduct Immediately.....	11-15
§ 11:4	Documents.....	11-15
§ 11:4.1	Secure the Documents.....	11-15
§ 11:4.2	Document Collection	11-16
§ 11:4.3	Document Review.....	11-17
§ 11:5	Interviews.....	11-18
§ 11:5.1	Interview Plan.....	11-18
§ 11:5.2	Conducting the Interview	11-18
[A]	Commencement of the Interview	11-18
[B]	Interviewing Techniques	11-20
[C]	Answering Interviewee Questions.....	11-20
§ 11:5.3	Interview Memoranda.....	11-20
§ 11:6	The Investigation Report	11-21

Chapter 12 Special Crisis Communication Issues

§ 12:1	Introduction	12-1
§ 12:2	Before the Whistleblower Goes Public	12-2
§ 12:2.1	Organizing the Team.....	12-2
§ 12:2.2	Fact-Gathering.....	12-3
§ 12:2.3	Creating “Good” Facts	12-3
§ 12:2.4	Message Development.....	12-4
§ 12:2.5	Materials for Public Explanation.....	12-4
§ 12:2.6	Designation of Spokespeople.....	12-4
§ 12:2.7	Identifying Constituencies	12-4
§ 12:2.8	Breaking the News Internally and to Other Constituencies	12-5
§ 12:2.9	Third-Party Validators.....	12-5

Table of Contents

§ 12:3	Proactive Communication Strategy: The Predicate Story	12-5
§ 12:4	Gone Public: Managing the Crisis by Rapid Response.....	12-6

**Chapter 13 Whistleblower Protections of the American
Recovery and Reinvestment Act of 2009**

§ 13:1	Introduction	13-1
§ 13:2	Statute of Limitations.....	13-2
§ 13:3	Who Is Covered?	13-2
§ 13:3.1	“Non-Federal Employer”	13-2
§ 13:3.2	Employees Covered by the Stimulus Act.....	13-2
§ 13:4	What Complaints Are Covered?	13-3
§ 13:5	Invoking the Protections of the Stimulus Act and Available Relief	13-4
§ 13:6	Burdens of Proof	13-5
§ 13:7	Private Right of Action.....	13-6
§ 13:8	Other Provisions.....	13-6
§ 13:9	Ramifications for Employers.....	13-7

**Chapter 14 Health Care Reform Law Contains New
Whistleblower Protections for Employees**

§ 14:1	Introduction	14-1
§ 14:2	Statute of Limitations.....	14-2
§ 14:3	What Complaints Are Covered?	14-2
§ 14:4	Complaint Procedure and Burdens of Proof Under the Act.....	14-3
§ 14:5	Private Right of Action.....	14-4
§ 14:6	Relief Available Under the Act.....	14-4

Chapter 15 IRS Whistleblower Statute

§ 15:1	Introduction	15-1
§ 15:2	Two Award Programs	15-2
§ 15:3	The Complaint Process	15-3
§ 15:3.1	Eligible Complainants.....	15-3
§ 15:3.2	Contents of the Complaint	15-4
§ 15:3.3	Processing of the Complaint	15-4
§ 15:3.4	The Award Determination.....	15-4
§ 15:3.5	Appeals	15-6

§ 15:4	Enforcement	15-6
§ 15:5	The Taxpayer First Act.....	15-7
§ 15:5.1	Notice Provisions.....	15-8
§ 15:5.2	Anti-Retaliation Protections.....	15-8
[A]	Complaint Procedure	15-9
[B]	Statute of Limitations.....	15-10
[C]	Relief Available Under the Act	15-10
[D]	Effect of Pre-Dispute Agreements	15-10

Chapter 16 The Dodd-Frank Wall Street Reform and Consumer Protection Act

§ 16:1	Introduction	16-1
§ 16:2	Sections 748 and 922: New SEC and CFTC Whistleblower Incentives and Protections	16-2
§ 16:3	Sweeping Amendments to Section 1514A of the Sarbanes-Oxley Act.....	16-3
§ 16:4	Section 1057: New Consumer Financial Whistleblower Protections	16-3

Chapter 17 Section 922's Whistleblower Bounty Provisions

§ 17:1	Introduction	17-1
§ 17:2	Definition of Whistleblower	17-2
§ 17:3	Eligibility for an Award	17-3
§ 17:3.1	Voluntary Submission of Information.....	17-4
§ 17:3.2	Original Information	17-5
[A]	Independent Knowledge or Analysis	17-5
[B]	Exclusions from Independent Knowledge and Analysis.....	17-5
§ 17:3.3	Additional Eligibility Requirements	17-8
§ 17:4	Incentives to Report Internally	17-9
§ 17:5	Anonymous Reports to the SEC	17-10
§ 17:6	SEC's Communications with Employees.....	17-10
§ 17:7	Amount of Award	17-11
§ 17:8	Criteria for Determining Amount of Award.....	17-12
§ 17:8.1	Factors That May Increase Award Amount.....	17-12
§ 17:8.2	Factors That May Decrease Award Amount.....	17-14
§ 17:9	No Amnesty	17-15
§ 17:10	Awards to Whistleblowers Who Engage in Culpable Conduct.....	17-15

Chapter 18 Section 922’s Whistleblower Retaliation Protections

§ 18:1 Introduction 18-1
§ 18:2 Retroactivity 18-3
§ 18:3 Procedures and Statute of Limitations 18-4
 § 18:3.1 Federal Court Action..... 18-4
 § 18:3.2 Statute of Limitations 18-4
§ 18:4 Scope of Protections..... 18-4
 § 18:4.1 Employees Outside of the United States 18-6
 § 18:4.2 Who Is a Covered “Employer”? 18-7
 [A] Corporate Parents 18-7
 [B] Individual Liability 18-7
 § 18:4.3 “Reasonable Belief” Standard 18-8
 § 18:4.4 “Providing Information” to the SEC..... 18-9
 § 18:4.5 Causation 18-9
 § 18:4.6 Interaction with Bounty Provision 18-10
§ 18:5 Remedies/Jury Trial..... 18-10
§ 18:6 Pre-Dispute Arbitration Agreements/Waivers of
 Claims 18-11

Chapter 19 Section 748’s Whistleblower Bounty Provisions

§ 19:1 Introduction 19-1
§ 19:2 Definition of Whistleblower 19-3
§ 19:3 Eligibility for an Award 19-3
 § 19:3.1 Voluntary Submission of Information..... 19-5
 § 19:3.2 Original Information 19-6
 [A] Independent Knowledge or Analysis 19-6
 [B] Exclusions from Independent Knowledge..... 19-7
 § 19:3.3 Additional Categories of Ineligible Individuals..... 19-8
§ 19:4 Incentives to Report Internally 19-9
§ 19:5 Anonymous Reports to the CFTC 19-10
§ 19:6 CFTC’s Communications with Employees 19-11
§ 19:7 Amount of Award 19-11
§ 19:8 Criteria for Determining Amount of Award..... 19-12
 § 19:8.1 Factors That May Increase Award Amount..... 19-13
 § 19:8.2 Factors That May Decrease Award Amount..... 19-14
§ 19:9 No Immunity 19-15
§ 19:10 Awards to Whistleblowers Who Engage in
 Culpable Conduct..... 19-15

Chapter 20 Section 748's Whistleblower Anti-Retaliation Provisions

§ 20:1 Introduction 20-1
 § 20:2 Who Is Covered? 20-2
 § 20:3 Statute of Limitations and Procedures for Enforcement 20-3
 § 20:4 Remedies 20-4
 § 20:5 Pre-Dispute Arbitration Agreements/Waivers of Claims 20-4

Chapter 21 Consumer Financial Whistleblower Protections of Section 1057

§ 21:1 Introduction 21-1
 § 21:2 Covered Employees..... 21-2
 § 21:3 Protected Activities 21-3
 § 21:4 Claim Procedures 21-4
 § 21:5 Burdens of Proof 21-5
 § 21:6 Remedies 21-6
 § 21:7 Penalty for Frivolous Claims..... 21-6
 § 21:8 De Novo Review in Federal District Court..... 21-6
 § 21:9 No Waiver Provision 21-7

Appendices A-1

Appendix A Section 806 of the Sarbanes-Oxley Act: 18 U.S.C. § 1514A, as amended, and Legislative History App. A-1
 Appendix B Other Selections from the Sarbanes-Oxley Act: Sections 301, 307, 406, and 501 App. B-1
 Appendix C 29 C.F.R. Part 1980: Procedures for the Handling of Retaliation Complaints Under Section 806 of the Sarbanes-Oxley Act of 2002 App. C-1
 Appendix D 29 C.F.R. Part 18: Rules of Practice and Procedure for Administrative Hearings Before the Office of Administrative Law Judges.... App. D-1
 Appendix E Federal Whistleblower Statutes App. E-1
 Appendix F State Whistleblower Statutes App. F-1

Table of Contents

Appendix G	Excerpts from OSHA Whistleblower Investigations Manual	App. G-1
Appendix H	Section 1553 of the American Recovery and Reinvestment Act of 2009	App. H-1
Appendix I	Section 922 of the Dodd-Frank Act: 15 U.S.C. § 78u-6, and Selections from Legislative History	App. I-1
Appendix J	Section 748 of the Dodd-Frank Act: 7 U.S.C. § 26	App. J-1
Appendix K	Section 1057 of the Dodd-Frank Act: 12 U.S.C. § 5567	App. K-1
Appendix L	17 C.F.R. Parts 240 and 249: Securities Whistleblower Incentives and Protections (2022), (2020) and (2011)	App. L-1
Appendix M	17 C.F.R. Part 165: Whistleblower Incentives and Protection.....	App. M-1
Table of Authorities		T-1
Index		I-1

