

SEC Settlements Put Severance Agreements Under Increased Scrutiny

SEPTEMBER 20, 2016

An article by [William McLucas](#), [Harry Weiss](#), [Matthew Martens](#), [Thomas White](#), [Arian June](#) and [Elizabeth Skey](#), published in the September 19, 2016 issue of Bloomberg BNA's *Securities Regulation & Law Report*, explores two settlements providing the latest examples of the SEC's continued focus on employee confidentiality provisions and the agency's broad application of the whistleblower protection rules.

The Securities and Exchange Commission (SEC) recently announced settlements with two companies for using severance agreements that allegedly violated Rule 21F-17. [Order Instituting Cease-And-Desist Proceedings, In the Matter of BlueLinx Holdings, Inc., No. 3-17371 (SEC Aug. 10, 2016) (BlueLinx Order).] Rule 21F-17 provides that "[n]o person may take any action to impede an individual from communicating directly with the [SEC] staff about a possible securities law violation, including enforcing, or threatening to enforce, a confidentiality agreement." [17 C.F.R. § 240.21F-17(a).] The rule is part of the SEC's whistleblower program, which provides significant monetary incentives to individuals in exchange for information regarding potential securities violations. [Read the full article](#)

Authors



**William R.
McLucas**

PARTNER

✉ william.mclucas@wilmerhale.com

☎ +1 202 663 6622



**Matthew T.
Martens**

PARTNER

Co-Chair, Securities Litigation
and Enforcement Practice
Group

✉ matthew.martens@wilmerhale.com

☎ +1 202 663 6921

Thomas W. White

RETIRED PARTNER

☎ +1 202 663 6000