

Kit Addleman in Law360 on \$83 Million SEC Whistleblower Award

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PRACTICES Corporate Governance

Law360 quoted Haynes Boone Partner [Kit Addleman](#) in a report on the future of whistleblower complaints in light of recent multimillion-dollar Securities and Exchange Commission awards and a key U.S. Supreme Court ruling.

Law360 [reported](#) that a record \$83 million SEC whistleblower award going to three tipsters has heightened concerns raised by a recent Supreme Court ruling that workers will increasingly forgo internal complaints and go directly to the agency, potentially leading to companies having to go through costly and embarrassing investigations.

Attorneys on both sides of the fence — those who represent whistleblowers and those who defend corporations in whistleblower cases — agree that the large, high-profile awards by the U.S. Securities and Exchange Commission double down on incentives crystallized last month by the high court's ruling in *Digital Realty Trust Inc. v. Paul Somers* that could steer large numbers of employees away from reporting securities-related complaints internally, *Law360* reported. ...

The Supreme Court ruled in February that employees who bring securities law complaints against their companies must first take their allegations to the SEC, rather than filing their complaints internally, to be protected by anti-retaliation measures afforded under the 2010 Dodd-Frank Act. ...

Kit Addleman, a partner in Haynes Boone's SEC Enforcement Practice Group and a former SEC regional director, said by publicly announcing multimillion-dollar awards, the SEC seems to be trying to attract larger numbers of whistleblower cases, which could potentially lead to bigger violators.

But Addleman said the SEC should consider focusing more attention on portraying internal whistleblowing as being in the best interests of companies, shareholders and the investing public. Internal reporting, she explained, allows corporations to make changes, fix violations and punish wrongdoers, frequently without the attention of regulators and the media, which can have a devastating impact on companies and their stock prices.

"It's time for the SEC to recognize the benefits of internal reporting as part of its whistleblower program," she said. "This is the best way to keep U.S. corporations clean, and when companies are operating in a clean manner, it's best for the company, management, their boards, shareholders and the markets. Our system is based on investors having confidence in the operations of publicly traded companies." ...

Excerpted from *Law360*. To read the full article, click [here](#). (Subscription required)