

## Kit Addleman in the Wall Street Journal: Regulators Rap Firms Using Severance to Silence Whistleblowers

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U.S. securities regulators have twice this week penalized firms for allegedly trying to silence whistleblowers, escalating a crackdown on severance arrangements seen as discouraging employees from reporting wrongdoing.

The settlements announced Tuesday by the Securities and Exchange Commission with an Oklahoma City energy company and Monday with a Virginia advertising firm follow five similar cases over the past two years against companies accused of illegally imposing “restrictive agreements” on departing employees—agreements that threaten to dock the pay of employees complaining to the government...

While lawyers say confidentiality and other employment agreements are essential tools for companies in sensitive situations, they also say these documents need to be drawn up carefully to comply with regulations—especially in light of the SEC’s new enforcement push.

The SEC has interpreted the Dodd-Frank law’s restrictions “very broadly,” according to [Kit Addleman](#), a partner at the law firm Haynes Boone LLP in Dallas. She said the agency isn’t just focused on contracts that seem explicitly to discourage interaction with the SEC, but is also objecting to confidentiality agreements if they lack a specific carve-out for SEC communications.

**Excerpted from the *Wall Street Journal*. To read the full article, please [click here](#) (subscription required).**