

SEC Settles Enforcement Cases with Two Companies for Whistleblower Violations

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In mid-August, the Securities and Exchange Commission (“SEC”) issued cease-and-desist orders against BlueLinx Holdings Inc. (“BlueLinx”) and Health Net, Inc. (“Health Net”) for violating the Securities Exchange Act of 1934 (the “Exchange Act”) whistleblower provisions through the use of severance agreements impeding former employees from coming forward with information about potential securities law violations. Both companies agreed to settle the charges without admitting or denying wrongdoing, and BlueLinx additionally agreed to amend its agreements with specific language relating to employees’ rights to communicate with the government without waiving any right to monetary recovery from the government. These actions represent a continued effort by the SEC to zealously protect whistleblowers and underscore the importance the SEC places on financial awards in encouraging employees to come forward to the Commission with whistleblower information.

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