



SOX Whistleblower Protections Expanded to Affiliates

On July 15, 2010 Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which President Obama is expected to sign into law. While the financial reforms in this bill have been highly publicized, the bill also expands the whistleblower protections under the Sarbanes-Oxley Act of 2002 (SOX). SOX originally only protected whistleblowers who were employees of publicly traded companies. This new Act expands the whistleblower protections to employees of subsidiaries or affiliates whose financial information is included in the consolidated financial statements of a publicly traded company.

If an employer is covered under SOX it may not discharge or in any manner retaliate against an employee who:

- provided information;
- caused information to be provided; or
- assisted in
 - an investigation by a federal regulatory or law enforcement agency,
 - an investigation by a member or committee of Congress, or
 - an internal investigation by the company relating to an alleged violation of mail fraud, wire fraud, bank fraud, securities fraud, or violating SEC rules or regulations or federal laws relating to fraud against shareholders.

Founded in 1890, Squire, Sanders & Dempsey L.L.P. has lawyers in 32 offices and 15 countries around the world. With one of the strongest integrated global platforms and our longstanding one-firm philosophy, Squire Sanders provides seamless [legal counsel worldwide](#).

Contacts:

[Terry M. Billups](#)
+1.216.479.8505

[Susan C. Hastings](#)
+1.216.479.8723

[Meghan E. Hill](#)
+1.614.365.2720

[Jill S. Kirila](#)
+1.614.365.2772
+1.513.361.1285

[Frank M. Placenti](#)
+1.602.528.4004

[Dynda A. Thomas](#)
+1.216.479.8583

Squire Sanders emphasizes quality, efficiency and alignment with client goals as core standards. Our [Partnering for Worldwide Value](#) SM initiative is focused on continuously improving our service delivery to maximize the value of our services to clients. Squire Sanders wholeheartedly

In addition, an employer may not discharge or in any manner retaliate against an employee who filed, caused to be filed, participated in or assisted in a proceeding under one of these laws or regulations.

Subsidiaries and affiliates of public companies should consider adopting a code of ethics that includes provisions (1) prohibiting conduct that may give rise to a whistleblower complaint, (2) establishing procedures for the reporting and resolution of employee complaints, and (3) prohibiting retaliation against an employee for providing or causing to be provided information or assisting in an investigation relating to an alleged violation of SOX.

In developing a code of ethics, keep in mind that simply applying the publicly traded company's code of ethics to employees of its subsidiaries and affiliates can raise issues of joint employer status. Additionally, a reporting system must allow for anonymous and confidential submissions. Many companies have opted to institute an anonymous hotline to comply with this requirement. Companies will want to ensure that employees of subsidiaries and affiliates have access to and are informed of the hotline, or have the affiliate company set up their own.

For more information on the SOX whistleblower requirements, the Dodd-Frank Wall Street Reform and Consumer Protection Act or assistance developing a code of ethics, please contact your principal Squire Sanders lawyer or one of the individuals listed in this Alert.

endorses the Association of Corporate Counsel's Value Challenge® and encourages and manages development and implementation of processes and tools to continually improve staffing and pricing models, training and resource optimization, knowledge management and more.

Squire Sanders publishes on a number of other topics. To see a list of options and to sign up for a mailing, visit our [subscription page](#).

Beijing · Bratislava · Brussels ·
Budapest · Caracas · Cincinnati ·
Cleveland · Columbus · Frankfurt ·
Hong Kong · Houston · Kyiv ·
London · Los Angeles · Miami ·
Moscow · New York · Palo Alto ·
Phoenix · Prague · Rio de Janeiro ·
San Francisco · Santo Domingo ·
São Paulo · Shanghai ·
Tallahassee · Tampa · Tokyo ·
Tysons Corner · Warsaw ·
Washington DC · West Palm Beach |
Independent Network Firms:
Beirut · Bogotá · Bucharest ·
Buenos Aires · La Paz · Lima ·
Panamá · Riyadh · Santiago

The contents of this update are not intended to serve as legal advice related to individual situations or as legal opinions concerning such situations. Counsel should be consulted for legal planning and advice.

©Squire, Sanders & Dempsey L.L.P.
All Rights Reserved
2010

This email was sent by Squire, Sanders & Dempsey L.L.P.
4900 Key Tower, 127 Public Square, Cleveland, OH 44114, USA

We respect your right to privacy – [view our policy](#)

[Manage My Profile](#) | [One-Click Unsubscribe](#) | [Forward to a Friend](#)