

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

October 27, 2014

The Honorable Mary Jo White, Chair
U. S. Securities and Exchange Commission
100 F Street, NE
Washington DC 20549

Dear Chair White:

We write to strongly encourage the Commission to enforce its regulations protecting corporate whistleblowers and ensure that this Dodd-Frank Act program will continue to be a success in the years to come. In particular, we are concerned about reports that some corporate practices may deter whistleblowers from reporting violations of the securities laws, thereby threatening the effectiveness of the SEC's Whistleblower Program.

The Commission's efforts to launch the Office of the Whistleblower Protection, as well as to integrate this office with the Commission's examination and enforcement functions, have already yielded considerable fruit. More than 6,000 whistleblower tips, complaints, and referrals have been sent to the SEC from every state, as well as from 55 countries around the world. The Commission has also made considerable progress taking action on such intelligence, with 139 enforcement judgments and orders issued during just the last fiscal year. Whistleblowers have also seen the merit of their assistance, receiving more than \$50 million since the program began.

And yet, this success may be fleeting if corporate actions that chill the environment for whistleblowers are not promptly and adequately addressed. A recent *Washington Post* article ("Workplace Secrecy Agreements Appear to Violate Federal Whistleblower Laws," 6/29/14) described the proliferation of agreements that may limit or restrict employees' rights to report misconduct. While there are legitimate reasons for companies to use confidentiality agreements to protect sensitive information, such agreements should be structured as narrowly as possible. Employees should also be clearly informed that these agreements in no way restrict their right to voluntarily report securities law violations to the Commission. The use of confidentiality agreements, attestations, and other employment arrangements that do not abide by these principles appears to be in direct contravention to the SEC Rule 21F-17 that nothing shall "impede communications to the Commission about a possible securities law violation, including enforcing, or threatening to enforce, a confidentiality agreement."

We also are concerned by a growing body of anecdotal evidence describing retaliation through litigation and on-the-job harassment, which if left unaddressed, will also deter future reporting of securities violations.

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Taken together, preemptive legal maneuvering to silence prospective whistleblowers and retaliation against known whistleblowers undermine the continued success of the SEC's Whistleblower Program and its crucial role in protecting investors. We urge the Commission to send a strong message to industry, including by bringing enforcement actions if necessary, that such acts will not be tolerated.

Please promptly inform us about the efforts the Commission is taking, as well as any challenges the Commission is facing in addressing these issues.

Sincerely,



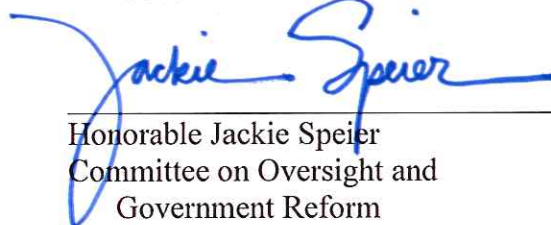
Honorable Maxine Waters
Ranking Member
Committee on Financial Services



Honorable Elijah Cummings
Ranking Member
Committee on Oversight and
Government Reform



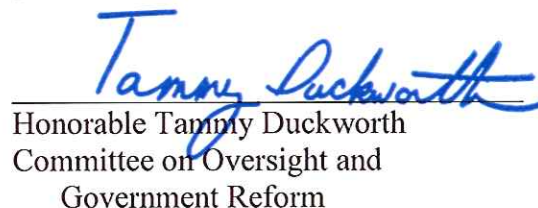
Honorable Gwen Moore
Committee on Financial Services



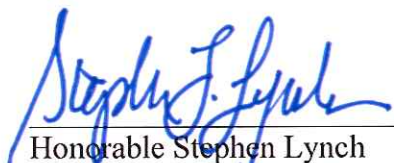
Honorable Jackie Speier
Committee on Oversight and
Government Reform



Honorable Keith Ellison
Committee on Financial Services



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