

## **Press Release**

### Company Paying Penalty for Violating Key Whistleblower Protection Rule

#### **FOR IMMEDIATE RELEASE**

**2016-157**

*Washington D.C., Aug. 10, 2016* — The Securities and Exchange Commission today announced that an Atlanta-based building products distributor is settling charges that it violated securities laws by using severance agreements that required outgoing employees to waive their rights to monetary recovery should they file a charge or complaint with the SEC or other federal agencies.

BlueLinX Holdings Inc. has agreed to pay a \$265,000 penalty.

According to the SEC's order, BlueLinX added the monetary recovery prohibition to all of its severance agreements in mid-2013, nearly two years after the SEC's adoption of Rule 21F-17 that prohibits any action to impede someone from communicating with the SEC about possible securities law violations. BlueLinX's restrictive language forced employees leaving the company to waive possible whistleblower awards or risk losing their severance payments and other post-employment benefits.

"We're continuing to stand up for whistleblowers and clear away impediments that may chill them from coming forward with information about potential securities law violations," said Stephanie Avakian, Deputy Director of the SEC's Enforcement Division.

Jane Norberg, Acting Chief of the SEC's Office of the Whistleblower, added, "Companies simply cannot undercut a key tenet of our whistleblower program by requiring employees to forego potential whistleblower awards in order to receive their severance payments."

BlueLinX consented to the SEC's cease-and-desist order without admitting or denying the findings. The company agreed to two undertakings: (1) to amend its severance agreements to make clear that employees may report possible securities law violations to the SEC and other federal agencies without BlueLinX's prior approval and without having to forfeit any resulting whistleblower award, and (2) to make reasonable efforts to contact former employees who had executed severance agreements after Aug. 12, 2011 to notify them that BlueLinX does not prohibit former employees from providing information to the SEC staff or from accepting SEC whistleblower awards. BlueLinX further agreed to certify to Enforcement Division staff that it has complied with its undertakings.

The SEC's investigation was conducted by Tara Kelly and V.V. Cooke. The case was supervised by Yuri B. Zelinsky and Antonia Chion.

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## **Related Materials**

- [SEC order](#)

