

SOX Whistleblower Protections Being Tested

Washington (April 25, 2006) - Companies are fighting more than just the internal controls provisions of the Sarbanes-Oxley Act -- according to published reports, the whistleblower protections outlined under the law are also coming under fire in court.

Since SOX was passed into law in 2002, about 750 people have filed complaints with the Department of Labor, saying they were retaliated against for bringing to light problems within their public company, whether directly to a superior within the company, or to someone outside. The number of cases has risen sharply, with about 150 being filed in the law's first year and the cases doubling again in the third year, according to a recent report in *The Washington Post*. Advertisement

Most of those cases have been dismissed, with under 100 being settled and less than a handful of whistleblowers having won their cases.

The paper said that companies are working to protect themselves by requiring employees to sign mandatory arbitration contracts, so that if a problem does arrive, it isn't heard in federal court. In other pending cases, public companies are arguing that whistle-blowing protections should only be extended to complaints that somehow relate to preventing direct fraud against shareholders.

— WebCPA staff

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