



The Employment Law Implications of the Dodd-Frank Act

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When it was passed in July 2010, the Dodd-Frank Act was hailed by many as a comprehensive reform of almost every aspect of the nation's financial services industry. The legislation created new governmental agencies, implemented safeguards and standards intended to protect the American public, and sought to create mechanisms to deter future abusive practices.

The majority of initial attention provided to the Dodd-Frank Act centered on whistleblower provisions that provided potential financial awards to those who report securities law violations. Under the statute, individuals who provide original information to the SEC that results in an investigation and ultimate issuance of monetary sanctions exceeding \$1 million shall be eligible for an award between 10 percent and 30 percent of the total monetary award.

Numerous companies have publicly expressed their concern that the eligibility for commissions on monetary sanctions will not just increase invalid complaint filings with the SEC, but will also decrease the likelihood of concerned individuals filing internal complaints that would permit companies to immediately remedy a situation and/or prepare its defense of a pending SEC investigation.

Those responsible for Human Resources issues at companies that are covered by Dodd-Frank should keep up to date on proposed regulations on the employment law provisions of the statute, review public comment on the regulation, and consider submitting public comment and ensure that all policies and procedures are in concert with the requirements of the new legislation.

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