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**ASSOCIATION OF CORPORATE COUNSEL FRUSTRATED BY TODAY’S SEC RULING ON
WHISTLEBLOWING BOUNTY PROVISIONS OF DODD-FRANK LAW
In-house Counsel Warn of Adverse Effect on Corporate Compliance and Internal Reporting**

Washington, D.C. (May 25, 2011) – The [Association of Corporate Counsel](#) (ACC) strongly disagrees with today’s Securities and Exchange Commission’s (SEC) [ruling](#) that bypasses internal compliance and reporting systems in favor of permitting tips from prospective whistleblowers to be submitted directly to the SEC.

“The SEC’s bounty rule is a Pandora’s box that, when opened, is likely to create new and even unanticipated harms rather than promoting better reporting of potential problems. Once the floodgates are open, we question whether the SEC even has the capacity to handle a torrent of new reports,” states [ACC’s Senior Vice President and General Counsel Susan Hackett](#). “Listening to the SEC staff’s [overview](#) of the rule today, we are unclear if they understand what the impact of this rule will be. They are assuming that offering whistleblowers money to come forward will yield better results without imposing disproportionate costs for companies, shareholders and the very compliance programs that ACC members have spent decades building.”

[ACC’s Associate General Counsel Amar D. Sarwal](#) explains, “As Commissioners Casey and Paredes noted today, the final SEC rules undermine internal compliance program by preventing companies from addressing festering allegations of misconduct. Sarwal adds, “We plan to study the technical details of the final rule to see whether it addresses our concerns, ranging from the potential rewarding of wrongdoers and benefits to short sellers to possible violations of already existing legal ethics rules. In the immediate future, we will continue to work with our Chief Legal Officers and General Counsels members on compliance processes and best practices to ensure that SEC officials are aware of issues that may arise in the coming months.”

ACC filed [two comment letters](#) with the SEC in December 2010 regarding the proposed rules governing its whistleblower bounty program. The first letter was co-signed by 270 global in-house leaders and the second letter submitted by ACC focused on “technical” issues raised by the proposed rules beyond the systemic concerns about compliance, ranging from awards for wrongdoers and short sellers, to legal ethics issues.

Additional Background:

- [ACC Comments Letter to SEC, 12-15-2010](#)
- [ACC Follow-up Comments to SEC, 12-17-2010](#)
- [Additional information on the Dodd-Frank Whistleblower Provisions](#)

About ACC:

The Association of Corporate Counsel (ACC) is the world’s largest organization serving the professional and business interests of attorneys who practice in the legal departments of corporations, associations and other private-sector organizations around the globe. ACC promotes the common interests of its members, provides resources to help save time, money and effort, contributes to their continuing education and provides a voice on issues of global importance. With more than 26,000 members in over 75 countries, employed by over 10,000 organizations, ACC connects its members to the people and resources necessary for both personal and professional growth. By in-house counsel, for in-house counsel.® For more information, visit www.acc.com.