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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SANFORD S. WADLER,
Plaintiff,
v.
BIO-RAD LABORATORIES, INC., et al.,
Defendants.

Case No. 15-cv-02356-JCS

**ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANTS'
MOTION TO DISMISS**

Re: Dkt. No. 24

I. INTRODUCTION

Plaintiff Sanford Wadler brings a whistleblower action against Defendants Bio-Rad Laboratories, Inc. (“Bio-Rad”) and the individual members of Bio-Rad’s Board of Directors, contending he was wrongfully terminated in retaliation for investigating and reporting to Bio-Rad’s upper-level management possible violations of the Foreign Corrupt Practices Act (“FCPA”) in China. Wadler asserts claims under the Sarbanes-Oxley Act, the Dodd-Frank Act, and California state law. Presently before the Court is Defendants’ Motion to Dismiss the Complaint (“Motion”), which came on for hearing on September 4, 2015 at 9:30 a.m. The parties submitted supplemental briefs on September 25, 2015. For the reasons stated below, the Motion is GRANTED in part and DENIED in part.¹

II. BACKGROUND

A. The Complaint

In the Complaint, Wadler alleges that he became Bio-Rad’s general counsel in 1989 and served in that position for nearly 25 years. Compl. ¶ 2. According to Plaintiff, Bio-Rad is a

The parties have consented to the jurisdiction of the undersigned magistrate judge pursuant to 28 U.S.C. § 636(c).

1 Fortune 1000 company that manufactures and sells products and equipment around the world. *Id.*
2 ¶ 6. Because Bio-Rad sells many of its products to hospitals, universities, and similar public
3 entities and officials, it must abide by the terms of the FCPA, which “forbids the company or its
4 agents from engaging in bribery and kickback schemes involving public officials and requires that
5 companies maintain accurate accounting records and put in place adequate internal controls or
6 face significant fines and possible criminal punishment.” *Id.* ¶¶ 4, 6; Opposition at 2 (citing
7 15 U.S.C. §§ 78dd-2, 78ff).

8 Wadler alleges that “[i]n 2009, Bio-Rad’s corporate officers became aware that certain of
9 its employees and agents in Vietnam, Thailand, and Russia may have violated provisions of the
10 FCPA.” *Id.* ¶ 14. Bio-Rad “recently admitted the existence of such violations in a consent decree
11 and agreed to pay \$55.1 million in fines for this conduct as it related to Bio-Rad’s operations in
12 Thailand, Vietnam, and Russia.” *Id.* ¶¶ 14-15. After discovering the illegal activities in Thailand,
13 Vietnam and Russia, Bio-Rad hired the law firm Steptoe and Johnson LLP to investigate whether
14 Bio-Rad employees were engaging in bribery in China - “a country where Bio-Rad had
15 significantly greater amounts of sales than Thailand, Vietnam, or Russia and where corruption is
16 notoriously widespread.” *Id.* ¶¶ 16-17. According to Wadler, Steptoe & Johnson concluded that
17 “there was no evidence of improper payments.” *Id.* ¶ 17.

18 Wadler alleges that in 2011, he discovered that although Bio-Rad’s sales in China were
19 “in the hundreds of millions of dollars over a number of years,” there was virtually no
20 documentation supporting Bio-Rad’s China-related sales. *Id.* ¶¶ 20-21. Wadler was concerned
21 that the lack of documentation was a violation of the FCPA’s record-keeping requirements and
22 that it “suggested efforts to conceal violations of the FCPA’s anti-bribery provisions.” *Id.* ¶ 22.
23 Wadler “repeatedly tried to obtain documents from Bio-Rad’s CEO, CFO, and other key
24 executives, but despite indicating that they would assist in tracking down such documents, these
25 executives repeatedly failed to do so.” *Id.* ¶ 21. According to Wadler, in 2012, he was “finally able
26 to uncover a few documents” and they provided “unambiguous evidence of potential bribery” by
27 Bio-Rad in China. *Id.* ¶ 24. He also learned in early 2013 that “certain standard language
28 concerning the need for FCPA compliance had been removed (without his knowledge or approval)

1 from documents translated into Chinese and used for Bio-Rad's operations in China. *Id.* ¶ 27.

2 Wadler alleges that the CEO, CFO and other members of management repeatedly
3 "stonewall[ed]" him, leading him to "become suspicious that corruption issues in China were
4 known to senior management, and that management was intentionally blocking his efforts to
5 uncover evidence of bribery and related misconduct." *Id.* ¶ 28. Wadler alleges that he then took
6 his concerns to the Audit Committee of the Board of Directors, which reengaged Steptoe and
7 Johnson to investigate these violations. *Id.* ¶¶ 29-30. Wadler objected to the appointment of
8 Steptoe and Johnson on the basis that it "had a clear conflict of interest," having failed to uncover
9 in 2011 any FCPA violations in China; according to Wadler, "any finding in 2013 would have
10 demonstrated Steptoe's prior malpractice." *Id.* ¶ 30.

11 Wadler alleges that Steptoe and Johnson again concluded that there was no evidence of
12 improper payments in connection with Bio-Rad's China sales and reported its finding at a meeting
13 in March 2013 between Bio-Rad, Steptoe and Johnson and its outside auditor, Ernst & Young. *Id.*
14 ¶ 32. According to Wadler, he challenged this conclusion at the meeting and stated that "thirty
15 percent of the documents concerning Bio-Rad's China operations that he had reviewed contained
16 discrepancies related to the shipment volume." *Id.* In response, the Steptoe and Johnson partner
17 who had conducted the investigations in both 2011 and 2013 stated that he had "simply not
18 addressed those issues." *Id.* Wadler alleges that he "was effectively shut out of the investigation
19 over his repeated objections that he should be included." *Id.* ¶ 33.

20 Soon after the March 2013 meeting, on June 7, 2013, Bio-Rad terminated Wadler. *Id.* ¶
21 35. The termination was "effectuated by the CEO" but the decision to terminate Wadler "was
22 made by a vote of the entire Board." *Id.* In particular, Wadler alleges that Board members Louis
23 Drapeau, Alice N. Schwartz, Albert J. Hillman and Deborah Neff made the decision to terminate
24 Wadler and "were aware that Wadler had reported bribery, books-and-records violations, and
25 related misconduct to persons with supervisory authority over him and to other persons at Bio-Rad
26 who had the authority to investigate, discover, or terminate such misconduct." *Id.* ¶ 38. Wadler
27 further alleges that he was terminated because he was investigating potential FCPA violations and
28 because he reported his concerns "up the ladder" "when it became clear that the company was not

1 taking reasonable steps to investigate and remedy FCPA violations.” *Id.* ¶ 39.

2 Wadler alleges that throughout his employment he had always reported to the CEO, first
3 David Schwartz and then Norman Schwartz, and that he had never been told that his work was
4 deficient; in December 2012, Norman Schwartz gave Wadler a positive performance review,
5 promoted him to Executive Vice President and gave him a raise. *Id.* ¶ 37. According to Wadler,
6 at the time of his termination, Bio-Rad had been scheduled to give a report to the Securities and
7 Exchange Commission (“SEC”) and the Department of Justice (“DOJ”) just a few weeks later
8 “regarding the status of Bio-Rad’s internal FCPA investigations.” *Id.* ¶ 41. Bio-Rad’s outside
9 counsel, Davis Polk, gave the presentation at that meeting. *Id.* ¶ 42. According to Wadler, Bio-
10 Rad was concerned that its termination of Wadler might reflect poorly on the company and
11 therefore, it disclosed and attempted to rebut the concerns Wadler had expressed regarding
12 possible FCPA violations in China. *Id.* Wadler alleges that “the presentation given to the SEC
13 and the DOJ was a self-serving attempt to avoid potential negative repercussions regarding the
14 improper activities Bio-Rad engaged in.” *Id.*

15 Wadler alleges that Bio-Rad later “admitted publicly that it was, in fact, engaging in some
16 of the very misconduct Wadler had complained about,” disclosing in its March 8, 2013 10K
17 statement with the SEC that it had “identified significant deficiencies in [its] internal control over
18 financial reporting, including the unauthorized issuance of distributor contracts at [its] Chinese
19 subsidiary, [its] lack of control over pricing and [its] ineffective methods of analyzing credit risk
20 and in some instances, the lack of sufficient documentation for the time of revenue recognition.”
21 *Id.* ¶ 34 (internal quotations omitted). According to Wadler, Bio-Rad’s outside auditors
22 Ernst & Young also resigned. *Id.* ¶ 44. Wadler alleges on information and belief that “material
23 deficiencies and substantial disagreement between the auditors and Bio-Rad’s senior leadership
24 contributed to the resignation of the auditors.” *Id.*

25 Wadler asserts the following claims in his Complaint: 1) retaliation in violation of the
26 Sarbanes-Oxley Act, 18 U.S.C. § 1514A (Bio-Rad and the individual Board members); 2)
27 retaliation in violation of the Dodd-Frank Act, 15 U.S.C. § 78u-6 (Bio-Rad and the individual
28

1 Board members); 3) Retaliation in Violation of California Labor Code section 1102.5 (Bio-Rad);²
 2 4) wrongful termination in violation of public policy (Bio-Rad); 5) nonpayment of wages under
 3 California Labor Code sections 201, 227.3 (Bio-Rad); 6) waiting time penalties under California
 4 Labor Code section 203 (Bio-Rad).

5 **B. Administrative Proceeding**

6 On November 29, 2013, Wadler faxed his initial complaint, in the form of a letter, to the
 7 Department of Labor’s Occupational Safety & Health Administration (“DOL”), alleging that he
 8 was terminated for engaging in protected activity under Sarbanes-Oxley. *Id.* ¶ 58; *see also*
 9 Declaration of Linda Inscoe in Support of Defendants’ Motion to Dismiss (“Inscoe Decl.”), Ex. A
 10 (DOL Complaint). The DOL Complaint states that it is “a complaint under the Sarbanes-Oxley
 11 Act against Bio-Rad Laboratories, Inc. in Hercules, CA.” *Id.* at 1. The DOL Complaint goes on
 12 to state, “I was the Executive Vice President, Secretary and General Counsel of Bio-Rad until I
 13 was terminated on June 7, 2013 by the Chief Executive Officer of the corporation, Norman
 14 Schwartz, for engaging in whistleblowing activities.” *Id.* Wadler states in the DOL Complaint
 15 that “the actual voting control of [Bio-Rad] is in the hands of the founding Schwartz family,” that
 16 Norman Schwartz, the son of the founder, is the CEO and Chairman of the Board,” and that “[h]is
 17 mother, Alice Schwartz, is also on the Board.” *Id.* In the DOL Complaint, Wadler states that he
 18 was “terminated from [his] long term employment at Bio-Rad by the CEO.” *Id.* at 5. The factual
 19 allegations in the DOL Complaint closely track the allegations in this action. *Id.*

20 In its response to the DOL Complaint, Bio-Rad argued that Wadler could not “make the
 21 prima facie showing that his alleged behavior was protected” and submitted declarations by, *inter*
 22 *alia*, Board Members Louis Drapeau and Norman Schwartz. *See* Request for Judicial Notice in
 23 Support of Plaintiff Sanford S. Wadler’s Opposition to Defendants’ Motion to Dismiss (“RJN”),
 24

25 _____
 26 ² This claim is listed in the caption of the Complaint, but the heading for Claim Three does not cite
 27 California Labor Code section 1102.5 - an omission that Wadler contends is a typographical error.
 28 Opposition at 21 n. 18. In light of the caption on the face of the Complaint, the Court finds that
 the failure to include a citation to section 1102.5 was an obvious clerical error, that Defendants
 understood that Plaintiff was asserting a claim under that section (as evidenced by the Motion
 itself, which seeks dismissal of the claim), and that the Complaint need not be amended.

1 Ex. B (Letter from L. Inscoe to J. Paul responding to DOL Complaint, dated January 28, 2014).³
2 Bio-Rad listed all of the Board members as witnesses in the DOL proceeding. *See* RJN, Ex. C
3 (Bio-Rad’s witness list).

4 On January 15, 2015, Wadler sought leave to amend his DOL Complaint to “clarify that he
5 [sought] relief from both Bio-Rad and the members of its Board of Directors individually - not just
6 against the Company itself.” RJN, Ex. D (Motion to Amend) at 1. He stated in the Motion to
7 Amend that although it might not be necessary to amend the complaint because the Board
8 Members were “sufficiently identifie[d]” in the original DOL Complaint, he sought to do so “in an
9 abundance of caution to ensure that he [was] able to obtain full relief against the persons who
10 actually made the decision to retaliate against him by terminating his employment.” *Id.* at 1. The
11 investigator who was presiding over the matter asked the parties for additional briefing on the
12 question of whether board members can be held individually liable under Sarbanes-Oxley, and
13 DOL ultimately “accept[ed] the revised complaint for investigation pending receipt of additional
14 evidence pursuant to the liberal amendment standard set forth in Chapter 3(VI)(B)(2) of OSHA’s
15 Whistleblower Investigations Manual.” *See* RJN, Ex. F.

16 After the OSHA proceeding had been pending for more than 180 days, Wadler initiated the
17 instant action. *See* RJN, Ex. G. In a June 25, 2015 letter to Wadler’s counsel, OSHA Regional
18 Supervisory Investigator Joshua B. Paul confirmed that Wadler had properly availed himself of
19 Sarbanes-Oxley’s “kick-out” provisions allowing Wadler to withdraw the proceeding to U.S.
20 District Court because more than 180 days had passed since the DOL Complaint had been filed
21 and neither Wadler nor his counsel had acted in bad faith. *Id.*

22 **C. Contentions of the Parties**

23 Bio-Rad challenges Wadler’s claims on several grounds. First, it contends the claims
24

25 ³ The Court grants Plaintiff’s request to take judicial notice of the documents attached to the RJN.
26 Exhibit A to the RJN is Bio-Rad’s 2015 10-K Report, dated February 17, 2015, and is subject to
27 judicial notice on the basis that it is an SEC filing. *See Dreiling v. Am. Exp. Co.*, 458 F.3d 942,
28 946 n. 2 (9th Cir. 2006) (SEC filings subject to judicial notice). Exhibits B-G are subject to
judicial notice on the basis that they are documents that are part of the history of the administrative
proceeding. *See Transmission Agency of N. California v. Sierra Pac. Power Co.*, 295 F.3d 918,
924 (9th Cir. 2002) (taking judicial notice of adjudicative facts before administrative tribunal).

1 against the individual Board members, asserted under Sarbanes-Oxley and Dodd-Frank, should be
2 dismissed with prejudice because neither of those laws permits suits against individual directors.
3 Motion at 4-6. In addition, as to the claims against the Directors under Sarbanes-Oxley,
4 Defendants contend the claims are untimely because Wadler did not move to amend his DOL
5 Complaint to add the Directors until the 180-day period for filing an administrative complaint had
6 already expired. *Id.* at 6-7.

7 Second, Bio-Rad contends Wadler's claim under Dodd-Frank fails because Wadler did not
8 provide any information to the SEC. *Id.* at 7-10. Citing the approach taken in the Fifth Circuit -
9 the only Circuit Court to have considered the issue - Bio-Rad argues that the plain language of
10 Dodd-Frank makes clear that the anti-retaliation provisions are only available to "whistleblowers"
11 and the term "whistleblower" does not include individuals who only provided information of a
12 possible violation of securities law to others within the company. *Id.* (citing *Asadi v. G.E. Energy*
13 *(U.S.A), L.L.C.*, 720 F.3d 620 (5th Cir. 2013)).

14 Third, Defendants assert Wadler's claim under California Labor Code section 1102.5 fails,
15 as a matter of law, because Wadler does not allege that he made a whistleblower report to law
16 enforcement authorities, as required under section 1102.5(b). *Id.* at 10. Further, Defendants
17 contend, Wadler cannot state a claim under section 1102.5(c), which applies to those who have
18 "refused to participate in activity that would violate federal or state law." *Id.* According to
19 Defendants, Wadler may seek to invoke this section on the basis that he "refused to participate in a
20 cover-up of allegedly unlawful activity," but he has not alleged facts sufficient to state a claim
21 under this theory. *Id.* at 11 (citing *Banko v. Apple*, 20 F. Supp. 3d 749 (N.D. Cal. 2013)).

22 In his Opposition, Wadler points out that Defendants have not challenged the sufficiency
23 of his claim against Bio-Rad (as opposed to the individual Directors) under Sarbanes-Oxley or his
24 claims against Bio-Rad for wrongful termination in violation of public policy, failure to pay wages
25 under California Labor Code sections 201 and 227.3 and waiting time penalties under California
26 Labor Code section 203. Opposition at 1. Wadler rejects Defendants' assertion that he may not
27 sue the Directors individually under Sarbanes-Oxley or Dodd-Frank. *Id.* at 7-12. Wadler
28 contends Sarbanes-Oxley permits actions against individual Board members because it provides

1 that “officer[s], employee[s], contractor[s], subcontractor[s], or agent[s]” can violate the Act. *Id.*
2 at 7 (quoting 18 U.S.C. § 1514A(a)). Wadler argues that a Board member may be liable as an
3 “agent” and that Defendants have pointed to no case that holds otherwise. *Id.* Wadler also cites a
4 case in which “the Fourth Circuit . . . explicitly held that individual board members *are* liable
5 when they retaliate against an employee for blowing the whistle.” *Id.* at 8 (citing *Jones v.*
6 *Southspeak Interactive Corp. of Delaware*, 777 F.3d 658, 663-664, 675 (4th Cir. 2015) (emphasis
7 in original)). He also notes that at least Defendant Norman Schwartz, who is Bio-Rad’s CEO, can
8 be held liable as an “officer,” even if the term “agent” does not encompass Board members. *Id.* at
9 10.

10 Similarly, Wadler asserts, Dodd-Frank allows for actions to be brought against individual
11 Board members. *Id.* at 11-12. Dodd-Frank permits an action to be brought against “an employer,”
12 and although the statute does not define “employer,” the proper interpretation of this term includes
13 individuals, Wadler contends. *Id.* In support of this reading of Dodd-Frank, Wadler points to the
14 Fair Labor Standards Act (“FLSA”), which he contends contains analogous anti-retaliation
15 provisions and has been held to permit actions against individual defendants. *Id.* at 11 (citing
16 *Irizarry v. Catsimatidis*, 722 F.3d 99, 103 (2d Cir. 2013); *Lambert v. Ackerly*, 180 F.3d 997, 1011-
17 12 (9th Cir. 1999)). On the other hand, he distinguishes Title VII and the Americans with
18 Disabilities Act (“ADA”), in which the term “employer” has been held to exclude individuals, on
19 the basis that these statutes expressly exempt from the term “employer” entities that employ fewer
20 than a certain “minimum number” of employees, reflecting a Congressional intent to exclude
21 individuals. *Id.* at 11 n. 9 (citing *Miller v. Maxwell’s Int’l Inc.*, 991 F.2d 583, 587 (9th Cir. 1993
22 (Title VII); *Walsh v. Nevada Dep’t of Human Res.*, 471 F.3d 1033, 1038 (9th Cir. 2006) (ADA)).
23 Because Dodd-Frank does not include any such provision, Wadler asserts, the interpretation of the
24 term “employer” in cases involving the ADA and Title VII does not apply here. *Id.*

25 Wadler also contends his claims against the individual Board members under Sarbanes-
26 Oxley are timely. *Id.* at 13-14. In particular, he contends his initial DOL Complaint, which was
27 not on pleading paper, was sufficient to name the individual defendants. *Id.* at 13. He points out
28 that there are no pleading requirements for whistleblower complaints and argues that while he did

1 not formally name any particular defendant in any caption (as there was none), the individual
2 members were on notice of Wadler's claims from the outset. *Id.* He rejects Defendants' reliance
3 on the fact that he filed a motion to amend to add the individual defendants in the administrative
4 action, arguing that it does not support Defendants' position because that motion was ultimately
5 granted. *Id.* at 14.

6 Wadler argues that the Court should reject Defendants' invitation to follow the approach of
7 the Fifth Circuit on the question of whether Dodd-Frank offers protection to internal
8 whistleblowers. *Id.* at 16-20. Recognizing that there is a split of authority among the district
9 courts in the Ninth Circuit on this issue, Wadler argues that the better reasoned decisions have
10 found that Dodd-Frank is ambiguous as to the definition of "whistleblower" and therefore, that the
11 interpretation of the SEC is entitled to deference under *Chevron, U.S.A., Inc. v. Natural Res. Def.*
12 *Council, Inc.*, 467 U.S. 837, 865 (1984). *Id.* at 15. The SEC, in turn, has concluded that Dodd-
13 Frank extends anti-retaliation protection not only to individuals who have brought information
14 concerning possible securities law violations to the attention of the SEC but also to internal
15 whistleblowers. *Id.* at 16-17; *see also* Docket No. 29 (Amicus Curiae Brief by SEC, filed in
16 support of Plaintiff, addressing the question of whether Dodd-Frank protects internal
17 whistleblowers against retaliation).

18 Finally, Wadler argues that he has alleged sufficient facts to state a claim under California
19 Labor Code section 1102.5. *Id.* at 20-24. He does not dispute that he has not alleged facts
20 sufficient to state a claim under subsection (b), but argues that he has sufficiently pled a violation
21 under subsection (c). *Id.* at 21. According to Wadler, contrary to the assertion of Defendants that
22 he has only included "general and conclusory" allegations in his complaint that he refused to aid
23 and abet illegal activity, Wadler has alleged "in vivid detail" the facts necessary to "flesh out" his
24 claim that he refused to discontinue his investigation of Bio-Rad's misconduct. *Id.* at 21-24.
25 Wadler further argues that Defendants are incorrect in their assertion that in order to state a claim
26 under section 1102.5(c) Wadler must show that Bio-Rad explicitly asked him to violate the law
27 and Wadler expressly refused to do so. *Id.* According to Wadler, the law does not require that
28 employers "state their illicit motivations"; rather, courts consider the import of the parties'

1 interactions. *Id.* at 23.

2 **III. ANALYSIS**

3 **A. Legal Standard under Rule 12(b)(6)**

4 A complaint may be dismissed for failure to state a claim on which relief can be granted
5 under Rule 12(b)(6) of the Federal Rules of Civil Procedure. Fed. R. Civ. P. 12(b)(6). “The
6 purpose of a motion to dismiss under Rule 12(b)(6) is to test the legal sufficiency of the
7 complaint.” *N. Star Int’l v. Ariz. Corp. Comm’n*, 720 F.2d 578, 581 (9th Cir. 1983). Generally, a
8 plaintiff’s burden at the pleading stage is relatively light. Rule 8(a) of the Federal Rules of Civil
9 Procedure states that “[a] pleading which sets forth a claim for relief . . . shall contain . . . a short
10 and plain statement of the claim showing that the pleader is entitled to relief.” Fed. R. Civ. P.
11 8(a).

12 In ruling on a motion to dismiss under Rule 12(b)(6), the court analyzes the complaint and
13 takes “all allegations of material fact as true and construe[s] them in the light most favorable to the
14 non-moving party.” *Parks Sch. of Bus. v. Symington*, 51 F.3d 1480, 1484 (9th Cir. 1995).
15 Dismissal may be based on a lack of a cognizable legal theory or on the absence of facts that
16 would support a valid theory. *Balistreri v. Pacifica Police Dep’t*, 901 F.2d 696, 699 (9th Cir.
17 1990). A plaintiff need not plead a prima facie case in order to survive a motion to dismiss
18 pursuant to Rule 12(b)(6). *Swierkiewicz v. Sorema N.A.*, 534 U.S. 506, 514-15 (2002); *see also*
19 *Starr v. Baca*, 652 F.3d 1202 (9th Cir. 2011) (reaffirming the holding of *Swierkiewicz* in light of
20 *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) and *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007)). A
21 complaint must however “contain either direct or inferential allegations respecting all the material
22 elements necessary to sustain recovery under some viable legal theory.” *Twombly*, 550 U.S. at
23 562 (citing *Car Carriers, Inc. v. Ford Motor Co.*, 745 F.2d 1101, 1106 (7th Cir. 1984)). “A
24 pleading that offers ‘labels and conclusions’ or ‘a formulaic recitation of the elements of a cause
25 of action will not do.’” *Iqbal*, 556 U.S. at 678 (quoting *Twombly*, 550 U.S. at 555). “Nor does a
26 complaint suffice if it tenders ‘naked assertion[s]’ devoid of ‘further factual enhancement.’” *Id.*
27 (quoting *Twombly*, 550 U.S. at 557). Rather, the claim must be “‘plausible on its face,’” meaning
28 that the plaintiff must plead sufficient factual allegations to “allow[] the court to draw the

1 reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* (quoting
2 *Twombly*, 550 U.S. at 570).

3 **B. Defendants’ Challenges to Federal Claims**

4 **1. Statutory Overview**

5 a. Sarbanes-Oxley Act of 2002

6 “To safeguard investors in public companies and restore trust in the financial markets
7 following the collapse of Enron Corporation, Congress enacted the Sarbanes-Oxley Act of 2002,
8 116 Stat. 745.” *Lawson v. FMR LLC*, 134 S. Ct. 1158, 1161 (2014) (citing S.Rep. No. 107-146,
9 pp. 2-11 (2002)). One of the measures enacted in Sarbanes-Oxley to achieve these goals was the
10 protection of whistleblowers. *Id.* In particular, Sarbanes-Oxley provides that “no [publicly
11 traded] company . . . or any officer, employee, contractor, subcontractor, or agent of such
12 company” may retaliate against an employee for “provid[ing] information, caus[ing] information
13 to be provided, or otherwise assist[ing] in an investigation” of conduct that the employee
14 reasonably believes is a violation of securities law or the SEC’s rules where “the information or
15 assistance is provided to or the investigation is conducted by,” *inter alia*, “a person with
16 supervisory authority over the employee (or such other person working for the employer who has
17 the authority to investigate, discover, or terminate misconduct).” 18 U.S.C. § 1514A(a)(1)(C).

18 Under Sarbanes-Oxley, an aggrieved whistleblower can initiate an administrative action by
19 filing a complaint with the Secretary of Labor, which must be filed “not later than 180 days after
20 the date on which the violation occurs, or after the date on which the employee became aware of
21 the violation.” 18 U.S.C. §§ 1514A(b)(1)(A) & 1514A(b)(2)(D). In addition, “if the Secretary has
22 not issued a final decision within 180 days of the filing of the complaint and there is no showing
23 that such delay is due to the bad faith of the claimant,” an action seeking de novo review may be
24 brought in federal district court. 18 U.S.C. § 1514A(b)(1)(B).

25 b. Dodd-Frank Act

26 In 2010, Congress established a new whistleblower program under the Dodd-Frank Act,
27 which added Section 21F to the Securities Exchange Act of 1934. *See* 15 U.S.C. § 78u–6.
28 “Section 21F ‘encourages individuals to provide information relating to a violation of U.S.

1 securities laws’ through ‘two related provisions that: (1) require the SEC to pay significant
2 monetary awards to individuals who provide information to the SEC which leads to a successful
3 enforcement action; and (2) create a private cause of action for certain individuals against
4 employers who retaliate against them for taking specified protected actions.’” *Somers v. Digital*
5 *Realty Trust, Inc.*, No. C-14-05180 EMC, 2015 WL 4483955, at *3 (quoting *Asadi v. G.E. Energy*
6 *(USA), L.L.C.*, 720 F.3d 620, 623 (5th Cir. 2013)).

7 Dodd-Frank defines a “whistleblower” as “any individual who provides, or 2 or more
8 individuals acting jointly who provide, information relating to a violation of the securities laws to
9 the Commission, in a manner established, by rule or regulation, by the Commission.” 15 U.S.C. §
10 78u–6(a)(6). Dodd-Frank’s anti-retaliation provision appears to sweep more broadly, however.
11 In particular, it forbids an “employer” from retaliating against a whistleblower not only for
12 “providing information to the Commission” or “initiating, testifying in, or assisting in any
13 investigation or judicial or administrative action of the Commission based upon or related to such
14 information” but also for “making disclosures that are required or protected under the Sarbanes-
15 Oxley Act of 2002 (15 U.S.C. [§§] 7201 et seq.), this chapter, including section 78j-1(m) of this
16 title, section 1513(e) of Title 18, and any other law, rule, or regulation subject to the jurisdiction of
17 the Commission.” 15 U.S.C. §§ 78u–6(h)(1)(A)(i)–(iii). As discussed above, Sarbanes-Oxley
18 prohibits retaliation against whistleblowers who have provided information to an individual with
19 “supervisory authority over the employee” or “such other person working for the employer who
20 has the authority to investigate, discover, or terminate misconduct,” even if the whistleblower did
21 not provide information about possible illegal conduct to the SEC. 18 U.S.C.A. § 1514A(1)(C).

22 ` Dodd-Frank, in contrast to Sarbanes-Oxley, does not require that a whistleblower exhaust
23 any administrative remedies before bringing an action in federal district court. *See Somers*, 2015
24 WL 4483955, at *4. In addition, the limitations period for bringing an action under Dodd-Frank is
25 between six and ten years, in contrast to the 180-day limitation period under Sarbanes-Oxley. *See*
26 *id.* (citing 15 U.S.C. § 78u-6(h)(1)(B)(iii)).

27 c. Exchange Act Rule 21F-2(b)(1)

28 Dodd-Frank provides that “[t]he Commission shall have the authority to issue such rules

1 and regulations as may be necessary or appropriate to implement the provisions of this section
 2 consistent with the purposes of this section.” 15 U.S.C. § 78u–6(j). In June 2011, the SEC issued
 3 final rules interpreting and implementing Section 21F of Dodd-Frank. *See Securities*
 4 *Whistleblower Incentives and Protections (Adopting Release)*, 78 Fed.Reg. 34300, 34301–34304
 5 (June 13, 2011). Exchange Act Rule 21F-2(b)(1) states that for the purposes of the whistleblower-
 6 protection program, “you are a whistleblower if . . . [y]ou provide information in a manner
 7 described in . . . 15 U.S.C. 78u–6(h)(1)(A).” *See* 17 C.F.R. § 240.21F–2(b)(1). In other words,
 8 the SEC interprets Dodd-Frank as offering protection from retaliation even for individuals who do
 9 not report possible violations to the SEC, so long as they qualify for whistleblower protection
 10 under Sarbanes-Oxley based on internal whistleblowing.

11 **2. Whether Wadler Can Sue Individual Directors under Dodd-Frank or** 12 **Sarbanes-Oxley**

13 a. Sarbanes-Oxley

14 i. Liability of Individual Directors

15 Surprisingly, there is scant case law that addresses whether directors who engage in
 16 retaliatory conduct may be held individually liable under Sarbanes-Oxley. Wadler is able to point
 17 to one Fourth Circuit case in which the court of appeals affirmed a jury award imposing individual
 18 liability under Sarbanes-Oxley on the chairman of the board of directors on the basis that he was
 19 “involved in the decision to terminate” the plaintiff. *See Jones v. Southpeak Interactive Corp. of*
 20 *Delaware*, 777 F.3d 658, 675 (4th Cir. 2015). In that case, as is alleged here, the actual decision
 21 to terminate was made by a vote of the entire board of directors. *Id.*⁴ The court in *Jones* did not,
 22 however, directly address the basis for finding that the defendant in that case could be held
 23 individually liable.⁵ Although a close call, the Court finds that directors may be held individually
 24

25 ⁴ Defendants attempt to distinguish this case on the basis that “the plaintiff in *Jones* [did not] bring
 26 claims against non-officer board members.” Reply at 4. This assertion is incorrect. There is no
 27 suggestion in *Jones* that the chairman who was held personally liable (“Phillips”) was an officer of
 28 the corporation in that case. Rather, he is consistently identified as the “chairman.”

⁵The Department of Labor appears to have struggled with this issue in the administrative
 proceeding as well, asking the parties for supplemental briefing on the question of whether “a
 member of the Board of Directors of a company covered under [Sarbanes-Oxley] [was]
 necessarily an ‘officer, employee, contractor, subcontractor, or agent’ of that company as

1 liable under Sarbanes-Oxley for the reasons set forth below.

2 “In determining the meaning of a statutory provision, ‘we look first to its language, giving
3 the words used their ordinary meaning.’” *Lawson v. FMR LLC*, 134 S. Ct. 1158, 1165 (2014)
4 (quoting *Moskal v. United States*, 498 U.S. 103, 108 (1990) (citation and internal quotation marks
5 omitted)). Here, the difficulty lies with the word “agent” as used in Section 1514A(a), and in
6 particular, whether that term encompasses directors. The authority cited by the parties does not
7 provide a convincing answer to this question.

8 Wadler cites to Black’s Law Dictionary, which defines an agent as “[s]omeone who is
9 authorized to act for or in place of another; a representative.” Black’s Law Dictionary (10th ed.
10 2014). According to Wadler, “[b]oard members, who after all are responsible for making the most
11 important decisions for the company, are clearly authorized to act on behalf of the company and
12 thus qualify as ‘agents.’” Opposition at 8. Wadler does not, however, cite any case that has held
13 as much. Further, Wadler’s argument is undermined by the fact that Black’s Law Dictionary
14 defines “corporate agent” as “[a]n agent authorized to act on behalf of a corporation; broadly, all
15 *employees and officers* who have the power to bind the corporation.” Black’s Law Dictionary
16 (10th ed. 2014) (emphasis added).

17 Defendants, on the other hand, point to the Restatement (Third) of Agency § 1.01, which
18 provides:

19 Agency is the fiduciary relationship that arises when one person (a
20 “principal”) manifests assent to another person (an “agent”) that the
21 agent shall act on the principal’s behalf and subject to the principal’s
control, and the agent manifests assent or otherwise consents so to
act.

22 Restatement (Third) of Agency § 1.01. As Defendants point out, in the comment to this provision
23 it is expressly stated that “the directors are neither the shareholders’ nor the corporation’s agents
24 as defined in this section.” *Id.* cmt. f(2). What Defendants fail to note is that in the Reporter’s
25

26 contemplated by 18 U.S.C. § 1514A(a)[.]” RJN, Ex. F. Although the Department of Labor
27 ultimately accepted the amended complaint adding the individual board members as defendants, it
28 does not appear to have resolved the question, noting only that it accepted the complaint under the
liberal amendment standards that apply in OSHA proceedings “pending receipt of additional
evidence.”

1 Notes for this comment, it is acknowledged that some commentators characterize directors as
2 agents and that “[s]ome corporation statutes treat directors as agents for specific purposes.”
3 Restatement (Third) of Agency § 1.01, Reporter’s Notes, cmt. f(2).

4 The case cited by Defendants to support their assertion that a director cannot be an agent of
5 the corporation, *Arnold v. Society for Savings Bancorp, Inc.*, also does not provide strong support
6 for Defendants’ argument that directors cannot be agents under Sarbanes-Oxley because that case
7 was decided, in part, based on the legislature’s intent with respect to a specific provision of the
8 Delaware code. In *Arnold*, the court was considering whether a corporation could be held
9 vicariously liable for the acts of its directors where the directors themselves were exempt from
10 liability under a Delaware corporate code provision, Del. C. § 102(b)(7). 768 A.2d. 533, 539-540
11 (Del. S. Ct. 1996). The court found that it could not, relying in part on the Restatement (Second)
12 of Agency, § 14 (C) (stating that “[n]either the board of directors nor an individual director of a
13 business is, as such, an agent of the corporation or its members”). *Id.* The court stated that it
14 would be “an analytic anomaly . . . to treat corporate directors as *agents* of the corporation when
15 they are acting as fiduciaries of the stockholders in managing the business and affairs of the
16 corporation.” *Id.* (emphasis in original). However, another significant reason for reaching the
17 conclusion that the directors could not be agents for the purposes of vicariously liability was that
18 treating them as such would be inconsistent with the legislature’s intent in enacting the Delaware
19 provision giving rise to the exemption of the board members. In particular, the court found that
20 imposing vicarious liability on the corporation on the basis that the directors were agents of the
21 corporation could “lead to anomalous results” and “replicate the discredited notion of awarding
22 damages against the directors followed by indemnification of the directors by the corporation,” a
23 “result [that] was considered and rejected during the drafting of section 102(b)(7).” *Id.*

24 Because the Court finds that the meaning of the word “agent” in Sarbanes-Oxley is
25 ambiguous, it looks to legislative intent. *Cleveland v. City of Los Angeles*, 420 F.3d 981, 990 (9th
26 Cir. 2005) (“[a]ccording to the rules of statutory construction, the court can only look to legislative
27 intent when a statute is ambiguous”). Defendants point to the fact that Congress explicitly listed
28 other categories of individuals who may be liable under Sarbanes-Oxley in Section 1514A(a),

1 such as “officer[s]” and “employee[s],” but did not include directors in this list, arguing that this
2 omission is an indication of Congress’s intent *not* to impose individual liability on directors. The
3 Court finds this argument unpersuasive.

4 Defendants’ argument is based on the “frequently stated principle of statutory construction
5 . . . that when legislation expressly provides a particular remedy or remedies, courts should not
6 expand the coverage of the statute to subsume other remedies.” *Nat’l R. R. Passenger Corp. v.*
7 *Nat’l Ass’n of R. R. Passengers*, 414 U.S. 453, 458 (1974). This principle, in turn, “reflects an
8 ancient maxim—*expressio unius est exclusio alterius*.” *Id.* Courts apply this rule with caution,
9 however, because it is based on the (sometimes faulty) assumption that “all possible alternative or
10 supplemental provisions were necessarily considered and rejected by the legislative draftmen.”
11 *Nat’l Petroleum Refiners Ass’n v. F.T.C.*, 482 F.2d 672, 676 (D.C. Cir. 1973); *Abdullah v. Am.*
12 *Airlines, Inc.*, 969 F. Supp. 337, 348 (D.V.I. 1997) (“the maxim should be employed with caution
13 and in only limited circumstances”). Further, the Supreme Court has made clear that while this
14 rule “may serve at times to aid in deciphering legislative intent,” it is “subordinated to the doctrine
15 that courts will construe the details of an act in conformity with its dominating general purpose,
16 will read text in the light of context and will interpret the text so far as the meaning of the words
17 fairly permits so as to carry out in particular cases the generally expressed legislative policy.” *Sec.*
18 *& Exch. Comm’n v. C. M. Joiner Leasing Corp.*, 320 U.S. 344, 350-51 (1943), judgment entered
19 sub nom. *Sec. & Exch. Comm’n v. C M Joiner Leasing Corp*, 53 F. Supp. 714 (N.D. Tex. 1944).

20 With these principles in mind, the Court concludes that Congress’s failure to expressly
21 include directors in the list of those who may be individually liable under Sarbanes-Oxley does not
22 support the conclusion that it intended to shield directors who engage in retaliatory conduct from
23 individual liability. As an initial matter, it is not clear that the drafters excluded directors from
24 individual liability in the first place, given that Section 1514A(a) includes “agents” - a term that
25 may or may not encompass directors, as discussed above. While it is true that the drafters
26 imposed specific duties on “directors” in other provisions of Sarbanes-Oxley, Defendants have not
27 pointed to any actual conflict that would arise from construing “agent” as including directors in
28 Section 1514A(a). Further, there is no indication that the drafters “considered and rejected” an

1 alternative version that specifically named directors as one of the categories of individuals who
2 could be held individually liable. Most importantly, though, the Court finds that the context and
3 general purpose of Sarbanes-Oxley support the conclusion that the term “agent” is intended to
4 encompass directors.

5 As the Supreme Court recognized in *Lawson*, Congress enacted Sarbanes-Oxley in
6 response to the Enron debacle. *See Lawson v. FMR LLC*, 134 S. Ct. 1158, 1161 (2014) (citing
7 S.Rep. No. 107-146, pp. 2-11 (2002)). A key feature of the proposed law that was highlighted by
8 Senator Patrick Leahy was that it “protect[ed] corporate whistleblowers.” 148 Cong. Rec. S6440
9 (daily ed. July 9, 2002). Senator Leahy illustrated the importance of this protection – and the
10 “vulnerability of corporate whistleblowers to retaliation” – by pointing to the memorandum Enron
11 outside counsel provided to Enron management when asked whether a “high-level employee of
12 Enron” who had “reported improper accounting practices” could be terminated. *Id.* According to
13 Leahy, the memo gave Enron management the “good news” that “Texas law does not currently
14 protect corporate whistleblowers.” *Id.* It is apparent from Senator Leahy’s introduction that
15 Congress intended to prevent a recurrence of such a scenario when it adopted the whistleblower
16 protection contained in Sarbanes-Oxley. Yet that purpose would be significantly undermined
17 were the Court to construe the term “agent” in Sarbanes-Oxley as excluding directors. Such an
18 interpretation of Sarbanes-Oxley would permit a corporation’s board members to fire high-level
19 employees (like the whistleblower in the Enron case) for whistleblowing even though the exact
20 same conduct on the part of a corporation’s managers would give rise to individual liability.⁶

21 The conclusion that Congress intended to impose individual liability on those who have the
22

23 ⁶ The Court also notes that in the context of employment discrimination, courts have
24 generally rejected the argument that collective action by members of a committee or board shields
25 the members of the group from individual liability, reasoning that such an approach would make it
26 “all too easy for individuals with supervisory authority to avoid liability . . . simply by acting in
27 concert.” *See Heinemann v. Howe & Rusling*, 260 F. Supp. 2d 592, 595 (W.D.N.Y. 2003); *see*
28 *also Bostwick v. Watertown Unified Sch. Dist.*, No. 13-C-1036, 2015 WL 520701, at *8 (E.D.
Wis. Feb. 9, 2015) (school board members who voted in favor of discriminatory act could be held
individually liable under 42 U.S.C. § 1983 for violation of plaintiff’s due process rights). Similar
logic appears to apply here.

1 *functional* ability to retaliate against whistle blowers (whether as a board member or a manager) is
2 also supported by the frequent references to the “employer” as the focus of the whistleblower
3 protections in Sarbanes-Oxley. *See, e.g.*, 148 Cong. Rec. S1785 (daily ed. Mar. 12, 2002)
4 (statement by Senator Leahy in referring to Sarbanes-Oxley whistleblower protection language as
5 necessary “to protect whistleblowers against retaliation by their employers”); S. 2010, 107th
6 Cong. (as introduced on Mar. 12, 2002 and referred to the Judiciary Committee) (describing
7 purpose of the bill as protection of “whistleblowers against retaliation by their employers”);
8 S. 2010, 107th Cong. § 6 (as reported out of the Judiciary Committee on May 6, 2002) (same); S.
9 Rep. No. 107-146, at 13 (2002) (“If the employer does take illegal action in retaliation for lawful
10 and protected conduct, subsection (b) allows the employee to file a complaint with the Department
11 of Labor, to be governed by the same procedures and burdens of proof now applicable in the
12 whistleblower law in the aviation industry”). As discussed below, Congress has given an
13 expansive meaning to the term “employer” under some statutes, such as the FLSA, and thus, the
14 use of this term in the legislative history is at least consistent with the conclusion that Congress
15 intended to impose individual liability on board members who engage in retaliatory conduct
16 against whistleblowers.

17 Finally, the Court disagrees with Defendants’ characterization of the testimony of James
18 R. Doty, former General Counsel of the Securities and Exchange Commission, before the Senate
19 Judiciary Committee prior to the enactment of Sarbanes-Oxley. According to Defendant, Doty
20 testified that “independence, as opposed to liability, was the appropriate tool for ensuring ethical
21 governance by directors.” Defendants’ Supp. Brief at 3. In fact, Doty did not testify anywhere
22 that measures to increase the independence of directors were preferable to the imposition of
23 individual liability. He simply testified that *one* of the ways to prevent corporate abuse of
24 investors was to enact measures that would increase the independence of directors. *Penalties for*
25 *White Collar Crime: Hearing Before the Subcomm. on Crime and Drugs of the S. Committee on*
26 *the Judiciary*, 107th Cong. 293 (2002) (Statement of James R. Doty) at 84. Indeed, Doty’s
27 testimony, read as a whole, suggests that he believed directors *should* face individual liability for
28 retaliatory conduct. In particular, Doty emphasized in his testimony that a key feature of

1 reforming corporate governance would be the “recognition that corporate accountability and
2 responsibility starts with individual accountability.” *Id.* He continued, “[j]ust as tone from the top
3 communicates corporate values and creates corporate culture, *accountability starts as an*
4 *individual matter from the top.*” *Id.* (emphasis added). Nothing in this statement suggests that
5 board members who vote to terminate a high-level employee for whistleblowing should be
6 excused from individual liability merely because they act in their capacity as directors of the
7 corporation. Rather, this statement points to the opposite conclusion.

8 Therefore, the Court finds that while the language of Section 1514A(a) is ambiguous, the
9 context and broad purpose of Sarbanes-Oxley support the conclusion that a director may be held
10 individually liable as an “agent” under that provision.

11 ii. Timeliness of Sarbanes-Oxley Claim

12 Defendants contend Wadler’s Sarbanes-Oxley claims against the individual defendants are
13 untimely because he did not add these defendants to his administrative complaint until after the
14 180-day limitations period had expired and his claims against the individuals in the amended
15 complaint do not relate back to the original complaint. *See* 18 U.S.C. § 1514A(b)(2)(D). Wadler,
16 on the other hand, argues that his claims are timely as to all of the individual defendants because
17 the original DOL Complaint was sufficient to exhaust his claims as to all of those defendants. The
18 Court concludes that Wadler’s claims in the original DOL Complaint were sufficient to exhaust
19 his claims against Bio-Rad’s CEO, Norman Schwartz, but not the remaining members of the
20 Board of Directors and therefore, that the Sarbanes-Oxley claims against Defendants Louis
21 Drapeau, Alice N. Schwartz, Albert Hillman and Deborah J. Neff are untimely.

22 There are no pleading requirements for whistleblower actions. *See* 29 C.F.R. § 1980.
23 Indeed, a whistleblower complaint under Sarbanes-Oxley need not even be in writing but may be
24 made orally, in which case it is reduced to writing by OSHA. 29 C.F.R. § 1980.103(b). Because
25 of the absence of formal pleading requirements, complaints in OSHA administrative proceedings
26 are not expected to meet the standards of pleading that apply to claims filed in federal court under
27 Rule 12(b)(6). *In The Matter Of: Douglas Evans, v. United States Environmental Protection*
28 *Agency*, 2012 WL 3164358 (DOL Adm.Rev.Bd., July 31, 2012), at *6. Rather, a complaint is

1 sufficient so long as the whistleblower complainants give an opposing party “‘fair notice’ of the
2 charges against it.” *Id.*; see also *Donovan v. Royal Logging Co.*, 645 F.2d 822, 826 (9th Cir.
3 1981) (“It is settled that administrative pleadings are liberally construed and easily amended”).

4 In *Evans*, the DOL held that “fair notice” requires only that an administrative complaint
5 “provide (1) some facts about the protected activity, showing some ‘relatedness’ to the laws and
6 regulations of one of the statutes in our jurisdiction, (2) some facts about the adverse action, (3) a
7 general assertion of causation and (4) a description of the relief that is sought.” *Id.* This test does
8 not, however, specifically address the question of what is required to give a particular individual
9 “fair notice” where only the corporation is expressly named as a respondent in an OSHA
10 administrative action.

11 Defendants cite a line of cases in which a handful of district courts outside of the Ninth
12 Circuit have held that an individual defendant must be named in the “caption” of an administrative
13 complaint to state a claim against that defendant. See *Robert Hanna v. WCI Comtys., Inc.*, Case
14 No. 04-80595-CIV-HURLEY/ LYNCH, 2004 U.S. Dist. LEXIS 2565, at *3 (S.D. Fla. Nov. 15,
15 2004) (finding claim against individual defendant had not been exhausted where the administrative
16 complaint in OSHA proceeding under Sarbanes-Oxley referred to the individual’s role in
17 terminating him but did not include him as a “named defendant”); *Bozeman v. Per-Se*
18 *Technologies, Inc.*, 456 F. Supp. 2d 1282, 1358 (N.D. Ga. 2006) (citing *Hanna* and holding that
19 because the plaintiff had “failed to specifically name [the proper defendants] in the heading of his
20 administrative complaint,” the defendants were entitled to summary judgment for plaintiff’s
21 failure to exhaust his administrative remedies); *Smith v. Psychiatric Solutions, Inc.*, No.
22 3:08CV3/MCR/EMT, 2009 WL 903624, at *8 (N.D. Fla. Mar. 31, 2009) aff’d, 358 F. App’x 76
23 (11th Cir. 2009) (citing *Hanna* and *Bozeman* and finding that plaintiff had not exhausted
24 administrative remedies as to certain defendants because they were not named in the caption or the
25 body of the administrative complaint). The undersigned declines to follow this formalistic
26 approach, which is based on the assumption that a complaint filed in an OSHA proceeding must
27 meet the same pleading requirements as a complaint that is filed in federal district court. As
28 discussed above, it is not. To require that an individual defendant be named in the caption of an

1 administrative complaint when no formal pleading (or even written document) is even required
2 under Sarbanes-Oxley is inconsistent with the statutory and regulatory framework established by
3 Congress and the Department of Labor to ensure compliance with Sarbanes-Oxley.

4 Ninth Circuit cases addressing exhaustion requirements under Title VII further support the
5 conclusion that an administrative complaint may, under some circumstances, be sufficient to
6 exhaust a plaintiff's administrative remedies even where a particular defendant is not named as a
7 defendant in any heading or caption. In *Chung v. Pomona Valley Community Hospital*, the Ninth
8 Circuit addressed whether the plaintiff had exhausted his administrative remedies with respect to
9 Title VII claims asserted against several doctors, where the administrative charge in the EEOC
10 administrative proceeding had alleged only that the hospital where he worked had denied him
11 promotions, without specifically naming the individual doctors. 667 F.2d 788, 789-90 (9th Cir.
12 1982). The district court found that the claims asserted against the doctors failed because those
13 individuals were not named in the EEOC charge. *Id.* at 790. The Court of Appeals, however,
14 disagreed, finding that the district court's holding was based on an "overly-restrictive reading" of
15 the EEOC charge. *Id.* The Court of Appeals found that because the doctors named as defendants
16 "participated in promotion decision," they "should have anticipated that [the plaintiff] would name
17 in his suit those who denied him the promotions mentioned in the charge." *Id.* at 790, 792.
18 Therefore, the Court of Appeals held, the plaintiff's "charge supplied an adequate basis for his
19 Title VII claims against the doctors" and the district court erred in dismissing those claims. *Id.* at
20 792; *see also Sosa v. Hiraoka*, 920 F.2d 1451, 1459 (9th Cir.1990) (holding that there are three
21 exceptions to exhaustion requirement under Title VII: "First, if the respondent named in the
22 EEOC charge is a principal or agent of the unnamed party, or if they are "substantially identical
23 parties," suit may proceed against the unnamed party Second, suit may proceed if the EEOC
24 could have inferred that the unnamed party violated Title VII. Third, if the unnamed party had
25 notice of the EEOC conciliation efforts and participated in the EEOC proceedings, then suit may
26 proceed against the unnamed party").

27 Here, Wadler alleged in his original DOL Complaint that he was "terminated from [his]
28 employment at Bio-Rad by the CEO." Inscoe Decl., Ex. A. Consequently, Defendant Norman

1 Schwartz (Bio-Rad’s CEO) received, within the 180-day limitations period, fair notice that he was
2 being charged with retaliation and would likely be named as a defendant in any subsequent
3 judicial proceeding. On the other hand, even under the liberal standard that applies to
4 administrative complaints, the original DOL Complaint did not give the remaining Board
5 members fair notice that they would be named as individual defendants in this action. Wadler
6 does not cite any specific conduct on the part of these individuals that would have put them on
7 notice that he was accusing them of retaliatory conduct; nor does he state that his termination was
8 a result of a vote by the Board of Directors, even though he does not dispute that he was aware of
9 the Board’s vote soon after his termination. Finally, as discussed above, the question of whether
10 directors may be held individually liable under Sarbanes-Oxley does not appear to have been
11 squarely addressed in the case law, making it even less likely that these individuals would have
12 anticipated that Wadler would assert claims against them under Sarbanes-Oxley.

13 Because Wadler did not give any Board members except Norman Schwartz fair notice in
14 his original administrative complaint, and because the remaining Board members were not added
15 to the administrative complaint until after the 180-day limitation period expired, the Court
16 concludes that the Sarbanes-Oxley claims against all of the individual defendants except Norman
17 Schwartz are untimely.

18 b. Dodd-Frank

19 In contrast to Sarbanes-Oxley, which lists categories of individuals and entities who may
20 be sued, Dodd-Frank permits whistleblowers to sue an “employer” for retaliation. 15 U.S.C.A. §
21 78u-6(h)(1)(A). The term “employer” is not defined in the statute, however, and again, there
22 appears to be no case in which a court has squarely decided the question of whether individual
23 directors may be sued under this provision. The one case cited by Wadler in which this question is
24 addressed, *Azim v. Tortoise Capital Advisors, LLC*, lends only very weak support for Wadler’s
25 position. In that case, the plaintiff sought leave to amend her complaint to assert a claim under
26 Dodd-Frank against certain individuals. *See* No. 13-2267-KHV, 2014 WL 707235, at *3 (D. Kan.
27 Feb. 24, 2014). The court noted that the defendants had made a “statutory construction argument
28 that Dodd-Frank does not provide for individual liability” but had been unable to cite any

1 authority in support of their position; therefore the court concluded that amendment was “not
2 futile given the state of existing law.” *Id.* The court noted, however, that it might “ultimately
3 adopt” the defendants’ position on summary judgment. *Id.* The court did not address the specific
4 statutory construction arguments made by the defendants in that case. *Id.*

5 Defendants assert that simply by using the word “employer,” Congress made clear that
6 directors may not be held individually liable under Dodd-Frank, citing an article by three
7 practitioners who reach this conclusion based, in part, on the definition of “employer” found in
8 Black’s Law Dictionary. Defendants’ Supp. Brief at 6-7 (citing *Individual Liability Unlikely*
9 *Under Dodd-Frank Act’s Whistleblower Anti-Retaliation Proscriptions*, Bloomberg BNA
10 Securities Regulation & Law Report, July 6, 2015).⁷ They also point out that under other federal
11 statutes, including the ADA and Title VII, the term “employer” has been found to preclude
12 individual liability altogether. The problem with Defendants’ “plain meaning” argument is that
13 courts that have found that Title VII and the ADA do not impose individual liability have not
14 relied on any generally established definition of “employer,” but rather, on specific provisions in
15 those statutes limiting liability to employers with more than 15 employees. *See Miller v.*
16 *Maxwell’s Int’l Inc.*, 991 F.2d 583, 587 (9th Cir. 1993) (Title VII); *Walsh v. Nevada Dep’t of*
17 *Human Res.*, 471 F.3d 1033, 1038 (9th Cir. 2006) (ADA).

18 _____
19 ⁷ In the BNA article, the authors write:

20 [T]he [Dodd-Frank Act] applies only to “employers,” a term left
21 undefined. Under the plain meaning rule, “employer” should
22 therefore be ascribed its commonly understood meaning: “[a]
23 person, company, or organization for whom someone works; esp.,
24 one who controls and directs a worker under an express or implied
25 contract of hire and who pays the worker’s salary or wages.” In the
26 corporate context in which whistleblower cases traditionally arise,
27 only the company is the employer - one’s “boss” or “supervisor” is
28 generally considered to be a co-employee working for the same
29 employer. Thus, because the DFA’s anti-retaliation provision
30 expressly applies only to “employers” with no further elaboration,
31 the analysis need go no further with respect to whether individuals
32 may be held liable. Under the plain meaning rule, they may not.

33 Bloomberg BNA Securities Regulation & Law Report, July 6, 2015 at 1348 (quoting Black’s Law
34 Dictionary (10th ed. 2014)).

1 In contrast, in the FLSA Congress defined the term “employer” much more broadly, to
2 include “any person acting directly or indirectly in the interest of an employer in relation to an
3 employee.” 29 U.S.C.A. § 203. The Ninth Circuit has held that “the definition of ‘employer’
4 under the FLSA is not limited by the common law concept of ‘employer,’ but ‘is to be given an
5 expansive interpretation in order to effectuate the FLSA’s broad remedial purposes.’” *Lambert v.*
6 *Ackerley*, 180 F.3d 997, 1011-12 (9th Cir. 1999) (citing *Bonnette v. California Health & Welfare*
7 *Agency*, 704 F.2d 1465, 1469 (9th Cir.1983)). Thus, the court explained, “[w]here an individual
8 exercises ‘control over the nature and structure of the employment relationship,’ or ‘economic
9 control’ over the relationship, that individual is an employer within the meaning of the Act, and is
10 subject to liability.” *Id.* at 1012.

11 Given that the term “employer” has been used in federal statutes in both a narrow sense (in
12 the ADA and Title VII) and a broader sense (in the FLSA), and in the absence of any definition of
13 the term in Dodd-Frank, the Court finds that the meaning of the word “employer” as used in
14 Dodd-Frank is ambiguous. Again, the Court looks to legislative intent. Defendants make much of
15 the fact that Dodd-Frank uses the term “employer” while Sarbanes-Oxley imposes liability on
16 “any officer, employee, contractor, subcontractor, or agent” who retaliates against a
17 whistleblower. There is nothing in the legislative history, however, that suggests that this
18 difference was intended to eliminate individual liability for those who retaliated against
19 whistleblowers. Indeed, as discussed above, the word “employer” appears repeatedly in the
20 legislative history of Sarbanes-Oxley as a short-hand to describe those who could be sued under
21 that statute, suggesting that the use of the term in Dodd-Frank does *not* reflect an intent to
22 eliminate individual liability under Dodd-Frank.

23 This conclusion is also consistent with the legislative history of Dodd-Frank indicating that
24 its purpose was to enact more stringent measures than were contained in Sarbanes-Oxley to protect
25 whistleblowers. The Administration proposal that led to Dodd-Frank’s enactment states that one
26 of the goals of the reform was to “[s]trengthen [i]nvestor [p]rotection” by “expanding protections
27 for whistleblowers [and] expanding sanctions available for enforcement” U.S. Treasury
28 Dept., *Financial Regulatory Reform: A New Foundation, Rebuilding Financial Supervision and*

1 Regulation (June 27, 2009). Consistent with this purpose, all of the changes in Dodd-Frank
2 relating to whistleblower protections that were discussed by Congress were aimed at increasing
3 whistleblower protection. *See* S. Rep. No. 111-176, at p. 114 (2009) (amending § 1514A to
4 clarify that “subsidiaries and affiliates of issuers may not retaliate against whistleblowers” - in
5 addition to the issuers themselves); 156 Cong. Rec. S5873 (daily ed. July 15, 2010) (amending §
6 1514A “to extend whistleblower protections to employees of nationally recognized statistical
7 rating organizations” such as Standard & Poor’s and Moody’s Investors Service). In this context,
8 the suggestion that Congress, when it enacted Dodd-Frank, intended to exclude liability on the
9 part of individuals who retaliate against whistleblowers - which had been a key feature of
10 Sarbanes-Oxley aimed at increasing accountability at the top levels of corporations - is
11 implausible. Had Congress intended to reduce whistleblower protection in this manner, one would
12 at least expect to see some mention of such a significant change. There appears to be no
13 discussion of the change in the legislative history, however.

14 In short, the Court concludes that Congress intended that Dodd-Frank provide for
15 individual liability that is at least as extensive as that of Sarbanes-Oxley, and therefore, that
16 directors may be held individually liable for retaliating against whistleblowers under Dodd-Frank.
17 Therefore, the Court rejects Defendants’ assertion that the Dodd-Frank claim must be dismissed as
18 to the individual defendants.

19 3. Whether Wadler Qualifies for Whistleblower Protection Under Dodd-Frank

20 Defendants ask the Court to decide an issue that has not been addressed by the Ninth
21 Circuit, namely, the scope of protection from retaliation for whistleblowers under the Dodd-Frank
22 Act. The Fifth Circuit and a minority of courts have concluded that Dodd-Frank’s anti-retaliation
23 provisions apply only to individuals who have provided information or assistance regarding
24 possible violations of securities law to the SEC. The majority of courts, however, have found that
25 the SEC’s interpretation of the anti-retaliation provisions of Dodd-Frank, as set forth in Rule 21F-
26 2(b)(1), is entitled to deference and therefore, that it should be interpreted as providing protection
27 to internal whistleblowers as well. The undersigned finds that the reasoning of the majority of
28 courts is persuasive and therefore concludes that Wadler’s failure to provide information or

1 assistance to the SEC does not defeat his claim under Dodd-Frank.

2 In deciding whether to follow Rule 21F-2(b)(1), the Court looks to the framework set forth
3 in *Chevron, U.S.A., Inc. v. Natural Res. Def. Council, Inc.*, which explained that a court should
4 take a two-step approach when it reviews an agency’s construction of a statute that it administers.
5 467 U.S. 837, 842-43 (1984). “First, always, is the question whether Congress has directly
6 spoken to the precise question at issue. If the intent of Congress is clear, that is the end of the
7 matter; for the court, as well as the agency, must give effect to the unambiguously expressed intent
8 of Congress.” *Id.* at 843. If, on the other hand, “the statute is silent or ambiguous with respect to
9 the specific issue, the question for the court is whether the agency’s answer is based on a
10 permissible construction of the statute.” *Id.*

11 In *Asadi*, the Fifth Circuit did not reach the second step of the *Chevron* inquiry because it
12 concluded that Dodd-Frank’s provisions are unambiguous. 720 F.3d at 625. In particular, it found
13 that the plain language of § 78u-6(a)(6) unambiguously defines a whistleblower as an individual
14 who provides information about possible illegal activities to the SEC, while § 78u-6(h)(1)(A)
15 unambiguously describes three categories of protected activities. *Id.* While the protected activity
16 includes activities that are required under any law, including Sarbanes-Oxley, the court found that
17 this language did not create any conflict with the Dodd-Frank Act’s definition of a
18 “whistleblower.” *Id.* at 626. The court reasoned that “[c]onflict would exist between these
19 statutory provisions only if we read the three categories of protected activity as additional
20 definitions of whistleblowers.” *Id.* The *Asadi* court also found that “construing the Dodd-Frank
21 whistleblower protection provision to extend beyond the statutory definition of ‘whistleblowers’
22 renders the [Sarbanes-Oxley] anti-retaliation provision, for practical purposes, moot.” *Id.* at 629.

23 As Judge Koh found in *Connolly v. Remkes*, “a large majority of district courts before and
24 after *Asadi* have taken a different position, finding ambiguity in the interplay between §§ 78u–
25 6(a)(6) and 78u–6(h)(1)(A)(iii).” 2014 WL 5473144, at *5 (N.D. Cal. Oct. 28, 2014) (citing
26 *Murray v. UBS Securities, LLC*, No. 12 Civ. 5914 (JMF), 2013 WL 2190084 (S.D.N.Y. May 21,
27 2013); *Khazin v. TD Ameritrade Holding Corp.*, No. 13-4149, 2014 WL 940703, at *6 (D.N.J.
28 Mar. 11, 2014); *Genberg v. Porter*, 935 F. Supp.2d 1094, 1106 (D. Colo. 2013); *Nollner v. S.*

1 *Baptist Convention, Inc.*, 852 F. Supp. 2d 986, 993 (M.D. Tenn. 2012); *Kramer v. Trans-Lux*
2 *Corp.*, 3:11CV1424 SRU, 2012 WL 4444820, at *4-5 (D. Conn. Sept. 25, 2012); *Egan v.*
3 *TradingScreen, Inc.*, 10 CIV. 8202 LBS, 2011 WL 1672066, at *5 (S.D.N.Y. May 4, 2011)).

4 In *Somers v. Digital Realty Trust, Inc.*, Judge Chen addressed in detail the reasons why
5 Dodd-Frank is, in fact, ambiguous on this question. Judge Chen rejected the *Asadi* court's
6 reliance on the plain language of the definitional term in Dodd-Frank, citing recent Supreme Court
7 cases in which the Court recognized that "an express and clear definitional term in a statute may
8 ultimately need to yield to countervailing interpretive factors in order to harmonize the meaning of
9 the statute." *Somers*, 2015 WL 4483955 at *7 (citing *Bond v. United States*, 134 S. Ct. 2077,
10 2019 (2014)). That is the case here, Judge Chen found, because "[a]s a number of courts have
11 recognized, Section 21F(h)(1)(A)(iii) appears to be in direct conflict with the [Dodd-Frank Act's]
12 definition of a whistleblower." *Id.* (internal quotations and citations omitted). The conflict arises
13 "because subsection (iii) provides protection to persons who have not disclosed information to the
14 SEC, while Section 21F(a)(6) requires the person report to the Commission." *Id.* (citations and
15 internal quotations omitted). "Put differently, the majority of courts to consider the issue have
16 found that subsection (iii) would be ineffective if whistleblowers must report directly to the SEC."
17 *Id.* (citing *Connolly*, 2014 WL 5473144, at * 6).

18 Judge Chen went on to offer a number of very specific reasons in support of his conclusion
19 that Dodd-Frank is ambiguous. First, he pointed to "a number of provisions in subsection (iii) that
20 conflict with the assumption that only those who report to the SEC" are entitled to Dodd-Frank's
21 whistleblower protections. *Id.* at *9. As one example, he cited the fact that subsection (iii)
22 purports to make compliance with section 78j-1(b) of the Security Exchange Act of 1934 protected
23 conduct, but that provision only permits auditors to report illegal conduct to the SEC *after* they
24 have reported the illegal conduct internally and no action has been taken, indicating that
25 "Congress wished to cover auditors who made required internal reports about illegal acts." *Id.*
26 Similarly, he reasoned, subsection (iii) clearly covers internal reports by attorneys that are required
27 under Sarbanes-Oxley, which does not permit attorneys to report violations to the SEC except
28 under limited circumstances. *Id.*

1 Second, to the extent that applying Dodd-Frank to internal whistleblowers would “read the
2 words ‘to the Commission’ out of the statutory definition,” Judge Chen found this argument was
3 not dispositive; were the court to find that the whistleblower protection of Dodd-Frank did not
4 apply to internal whistleblowers, there would be surplusage in subsections (i) and (ii). *Id.* For
5 example, subsection (i) prohibits retaliation against a whistleblower “in providing information to
6 the Commission in accordance with this section” but that language would be entirely unnecessary
7 if only those who provide information to the SEC can be whistleblowers under Dodd-Frank. *Id.*
8 He noted that “the canon against superfluity assists only where a competing interpretation gives
9 effect to every clause and word of a statute.” *Id.* (quoting *Microsoft Corp. v. i4i Ltd. P’ship*, 131
10 S. Ct. 2238, 2248 (2011)).

11 Third, Judge Chen examined the legislative history, noting that subsection (iii) was added
12 at the last minute, suggesting that “Congress intended for the scope of the [Dodd-Frank] whistle-
13 blower provisions to be broader than in earlier version of the bill.” *Id.* at * 10-11.

14 Fourth, he rejected the *Asadi* court’s suggestion that an expansive reading of Dodd-Frank
15 would render Sarbanes-Oxley moot, pointing out that some individuals may prefer the
16 administrative forum that is available under Sarbanes-Oxley but not under Dodd-Frank, and also
17 noting that certain kinds of non-economic damages (e.g. emotional distress) are available under
18 Sarbanes-Oxley but not under Dodd-Frank. *Id.* at *11.

19 Finally, he found that policy reasons supported a finding of ambiguity, namely, the public
20 policy of “encouraging reporting of securities violations.” *Id.*

21 The undersigned agrees with the reasoning of Judge Chen, who like the majority of courts
22 found that Dodd-Frank is ambiguous on the question of whether its anti-retaliation provisions
23 apply to an individual who has provided information regarding possible illegal activity internally
24 but has not provided such information to the SEC. Further, the Court finds that Judge Chen’s
25 reasoning has particular force in light of the Supreme Court’s recent decision in *King v. Burwell*,
26 135 S. Ct. 2480 (2015). In that case, the Supreme Court cautioned against reading statutory
27 language in isolation, explaining:

28 If the statutory language is plain, we must enforce it according to its

1 terms. *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 251,
 2 130 S.Ct. 2149, 176 L.Ed.2d 998 (2010). But oftentimes the
 3 “meaning—or ambiguity—of certain words or phrases may only
 4 become evident when placed in context.” *Brown & Williamson*, 529
 5 U.S., at 132, 120 S.Ct. 1291. So when deciding whether the
 6 language is plain, we must read the words “in their context and with
 a view to their place in the overall statutory scheme.” *Id.*, at 133,
 120 S.Ct. 1291 (internal quotation marks omitted). Our duty, after
 all, is “to construe statutes, not isolated provisions.” *Graham County
 Soil and Water Conservation Dist. v. United States ex rel. Wilson*,
 559 U.S. 280, 290, 130 S.Ct. 1396, 176 L.Ed.2d 225 (2010) (internal
 quotation marks omitted).

7 135 S. Ct. at 2489. With this admonition in mind, the Court rejects *Asadi*’s conclusion that the
 8 plain language of the “whistleblower” definition in Dodd-Frank is controlling.

9 Having found that Dodd-Frank is ambiguous, the Court next addresses whether the SEC’s
 10 interpretation of the statute, as stated in Rule 21F-2(b)(1) is entitled to deference on the basis that
 11 it is a “permissible construction of the statute.” The Court finds that it is.

12 Once again, the Court looks to the reasoning in *Somers*, in which Judge Chen concluded
 13 that Rule 21F-2(b)(1) was entitled to deference under *Chevron*. 2015 WL 4483955, at *5. In
 14 *Somers*, the court noted that every court that has reached step two of the *Chevron* analysis has
 15 found that Rule 21F-2(b)(1) is a “permissible construction” of Dodd-Frank. *Id.* (citing *Connolly*,
 16 2014 WL 5473144, at *6; *Khazin*, 2014 WL 940703, at * 6; *Murray*, 2013 WL 2190084, at *5).
 17 He went on to offer four reasons for finding the SEC’s interpretation to be reasonable.

18 First, the court in *Somers* found the SEC’s rule to be reasonable because it resolves the
 19 tension between the narrow definition of a whistleblower and “seemingly very broad coverage of
 20 subsection (iii).” *Id.* at *12. “Put simply, the SEC’s interpretation is reasonable because it
 21 permits a large class of individuals to qualify as protected whistleblowers, a result which appears
 22 consistent with the broad language Congress employed in subsection (iii).” *Id.*

23 Second, Judge Chen found that “the SEC’s interpretation is reasonable because it
 24 ‘comports with Dodd-Frank’s scheme to incentivize broader reporting of illegal activities.’” *Id.*
 25 (quoting *Connolly*, 2014 WL 5473144, at *6).

26 Third, Judge Chen found that “the SEC’s interpretation is reasonable because it encourages
 27 internal reporting of possible law violations.” *Id.* at *12. In support of this conclusion, Judge
 28 Chen cited the SEC’s amicus brief in that case, in which the SEC argued that establishing a two-

1 tiered structure of anti-retaliation protections . . . might discourage some individuals from
2 reporting internally in appropriate circumstances, . . . thus jeopardizing the benefits that can result
3 from internal reporting.” *Id.* The Court notes that the SEC makes the same argument here. *See*
4 SEC Amicus Brief at 9-13.

5 Fourth, Judge Chen found that the SEC’s interpretation of Dodd-Frank was reasonable
6 because “a narrow reading of Dodd-Frank would ‘significantly weaken the deterrence effect on
7 employers who might otherwise consider taking an adverse employment action.’” *Id.* at *13
8 (quoting SEC Amicus Brief at 29). Again, the SEC makes the same argument in this case. *See*
9 SEC Amicus Brief at 30.

10 For the reasons expressed by Judge Chen in *Somers*, the undersigned finds that Rule 21F-
11 2(b)(1) is entitled to deference under *Chevron*. Further, because Rule 21F-2(b)(1) provides that
12 internal whistleblowers are protected from retaliation under Dodd-Frank, the Court rejects
13 Defendants’ assertion that Wadler’s Dodd-Frank Act claim fails as a matter of law because he did
14 not provide any information or assistance to the SEC.

15 **C. Defendants’ Challenge to California Labor Code Section 1102.5 Claim**

16 California Labor Code section 1102.5, like Dodd-Frank and Sarbanes-Oxley, seeks to
17 protect whistleblowers by prohibiting employers from retaliating against employees for engaging
18 in certain categories of protected activity. Cal. Lab. Code § 1102.5. The subsection upon which
19 Wadler relies, subsection (c), prohibits employers from retaliating against employees “for refusing
20 to participate in an activity that would result in a violation of state or federal statute, or a violation
21 or noncompliance with a state or federal rule or regulation.” *Id.* § 1102.5(c). Defendants contend
22 Wadler fails to state a claim because he has not alleged facts showing that he “refused to
23 participate in a cover-up of allegedly unlawful activity.” Motion at 11. The Court disagrees.

24 Defendants cite a single case in support of their position, *Banko v. Apple*, 20 F. Supp. 3d
25 749 (N.D. Cal. 2013). In that case, Judge Seeborg found that the plaintiff’s allegations were
26 sufficient to state a claim under section 1102.5 where they supported an inference that the plaintiff
27 refused to participate in a cover-up of his supervisee’s embezzlement. 20 F. Supp. 3d 749, 759-
28 60. The Court concludes that Plaintiff’s allegations in this case also support such an inference.

United States District Court
Northern District of California

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While Defendants attempt to distinguish the facts in *Banko*, citing allegations that the defendants specifically instructed the plaintiff to ignore the illegal conduct in that case, *see id.* at 752-53, the court did not hold that such specific instructions are a requirement for stating a claim under section 1102.5. Nor does the Court find any authority that supports such a stringent pleading requirement. At this early stage of the case, Plaintiff's claim under section 1102.5 is sufficiently pled.

IV. CONCLUSION

For the reasons stated above, the Motion is GRANTED as to Plaintiff's First Claim, under Sarbanes-Oxley, to the extent it is asserted against Defendants Louis Drapeau, Alice N. Schwartz, Albert J. Hillman and Deborah J. Neff. As to those Defendants (but not as to Defendant Bio-Rad or its CEO, Norman Schwartz), the Sarbanes-Oxley claim is dismissed with prejudice. In all other respects, the Motion is DENIED.

IT IS SO ORDERED.

Dated: October 23, 2015



JOSEPH C. SPERO
Chief Magistrate Judge