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DC District Court Dismisses SOX Whistleblower Retaliation Claim Where Plaintiff Was Employed Abroad And His Employment Contract Was Not Governed By U.S. Law

Proskauer Whistleblower Defense on **June 24, 2025**

In *Jefferson v. Science Apps. Int'l Corp., et al.*,[1] the U.S. District Court for the District of Columbia dismissed the plaintiff's whistleblower retaliation claim brought under Section 806 of the Sarbanes-Oxley Act ("SOX" or the "Act"), holding, in line with courts across the country, that the statute does not apply extraterritorially and that there can be no domestic application of the statute when the employee lived and worked abroad.

In *Jefferson*, the plaintiff worked as a Cyber Security Systems Administrator in Germany at a U.S. military base for Science Applications International Corp. ("SAIC"), a publicly traded U.S. company. Jefferson alleged, among other things, that while working for SAIC he reported to management the company's use of incorrect metrics in reporting to the U.S. Securities and Exchange Commission and shareholders. Jefferson asserted that he faced escalating retaliation for his complaints, including a demotion, and, ultimately, termination of his employment. Following his termination, Jefferson brought suit under SOX, among other legal theories, and SAIC moved to dismiss under Rule 12(b)(6).

On May 6, 2025, the Court dismissed Jefferson's SOX claim because it constituted an impermissible extraterritorial application of the SOX whistleblower provision. In reaching its conclusion, the Court applied the test established by the DC Circuit Court of Appeals in *Garvey v. Admin. Rev. Bd., United States Dep't of Lab.*[2] for assessing whether a plaintiff has sought to invoke an impermissible extraterritorial application of SOX. In so doing, the court considered the following factors: (1) the locus of an employee's work, and (2) the terms of the employee's employment contract. The Court found that since Jefferson worked exclusively in Germany, the locus of his employment was in Germany and not the U.S. The Court also determined that since Jefferson did not allege that his employment contract was governed by U.S. law, there was no presumption that U.S. law applied. The Court thus dismissed the claim.

As we have previously reported, courts like this one continue are tending to coalesce around a bright line rule for dismissing SOX whistleblower retaliation claims brought by employees working outside the United States.[3]

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