Proskauer

Colorado Federal Court Dismisses SOX and Dodd-Frank Whistleblower Claims, Emphasizing Administrative Prerequisites

Proskauer Whistleblower Defense on **October 6, 2025**

On September 17, 2025, in *Prkic v. Sezzle, Inc.*, the U.S. District Court for the District of Colorado dismissed whistleblower retaliation claims under both the Sarbanes-Oxley Act ("SOX") and the Dodd-Frank Act ("Dodd-Frank") where the plaintiff failed to: (i) submit her SOX claim to OSHA; and, (ii) provide information to the SEC during her employment. No. 24-cv-02624. The plaintiff's claims stemmed from her alleged reports to Sezzle of what she believed were "violations of relevant financial crimes laws and regulations" while serving as an Anti-Money Laundering ("AML") Officer for the company.

Background

In connection with her role as AML Officer, the plaintiff alleged that she complained to Sezzle that it utilized an algorithm that showed borrowers as delinquent and reported them to collection agencies, when, in fact, such borrowers were not delinquent in all cases. She also alleged that she complained to Sezzle that it failed to provide her with a raise and a title change, which allegedly violated regulations imposed by bank sponsors and, consequently, broader financial regulations. She claimed that after she raised her alleged concerns, her job duties were reassigned, and the company terminated her employment. Based on these allegations, she sued asserting, among other things, claims for whistleblower retaliation under SOX and Dodd-Frank. Sezzle moved to dismiss under Rule 12(b)(6).

Court's Decision

The court dismissed the SOX claim because the plaintiff never filed a complaint with OSHA. The plaintiff argued that her internal reports to management satisfied the requirement that she commence her SOX claims with OSHA, but the court held that an OSHA filing is a mandatory precondition to bringing suit under Section 806. Likewise, the court dismissed the Dodd-Frank claim because the plaintiff only provided information to the SEC *after* her separation of employment.

Implications

This decision illustrates how courts rigidly enforce the administrative prerequisites to commencing suit under SOX and Dodd-Frank.

View orginal.

Related Professionals

- **Steven J. Pearlman**
  Partner
- **Hayden F. Bashinski**
  Associate