

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100972 / September 9, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22081

In the Matter of

IDEX Corporation,

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against IDEX Corporation (“IDEX” or “Respondent”).

II.

In anticipation of the institution of these proceedings, IDEX has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, IDEX consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and IDEX’s Offer, the Commission finds that:

Respondent

1. **IDEX**, a Delaware corporation based in Northbrook, Illinois, develops and manufactures fluidics systems, metering systems, fire rescue equipment, and a variety of other

products for commercial and industrial applications. IDEX's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange under the ticker "IEX."

Facts

A. Statutory and Regulatory Framework Protecting Whistleblowers

2. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), enacted on July 21, 2010, amended the Exchange Act by adding Section 21F, "Whistleblower Incentives and Protection." The congressional purpose underlying these provisions was "to encourage whistleblowers to report possible violations of the securities laws by providing financial incentives, prohibiting employment-related retaliation, and providing various confidentiality guarantees." *See Implementation of the Whistleblower Provisions of Section 21F of the Securities Exchange Act of 1934*, Release No. 34-64545, at p. 197 (Aug. 12, 2011) (the "Adopting Release").

3. Congress explicitly noted the importance of providing financial incentives to promote whistleblowing to the Commission as it determined that "a critical component of the Whistleblower Program is the minimum payout that any individual could look towards in determining whether to take the enormous risk of blowing the whistle in calling attention to fraud." *See The Restoring American Financial Stability Act of 2010*, Committee on Banking, Housing, and Urban Affairs (Apr. 30, 2010).

4. To fulfill this congressional purpose, the Commission adopted Rule 21F-17, which provides in relevant part:

(a) No person may take any action to impede an individual from communicating directly with the Commission staff about a possible securities law violation, including enforcing, or threatening to enforce, a confidentiality agreement . . . with respect to such communications.

Rule 21F-17 became effective on August 12, 2011.

B. IDEX's Separation and Settlement Agreements

5. As a regular part of its business, IDEX enters into separation agreements with certain employees who leave the company. A separation agreement is a contract between an employer and a departing employee documenting the rights and responsibilities of both parties incidental to the ending of the employment relationship.

6. From time to time, IDEX enters into settlement agreements with former employees. These settlement agreements are contracts that resolve an actual or potential legal dispute between the company and the former employee.

7. On October 25, 2020, IDEX entered into a separation agreement that required a departing employee to waive his right to recover a monetary award for participating in an investigation by a government agency. Although the agreement expressly permitted participation in government whistleblower programs, it also required the departing employee to waive his right to a potential award. Specifically, the agreement stated, in relevant part:

I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; **provided, however, that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding.**

(Underline in original. Emphasis added.)

8. Similarly, on June 16, 2020, and June 22, 2021, IDEX entered into settlement agreements that permitted former employees to participate in government whistleblower programs, but also required them to waive their rights to recover potential monetary awards. Both of these agreements stated:

[Employee] acknowledges that this Release does not limit either [employee]’s right or the Releasees’ right, where applicable, to file or to participate in an investigative proceeding of any federal, state or local governmental agency. **To the extent permitted by law, [employee] agrees that if such an administrative claim is made, [employee] shall not be entitled to recover any individual monetary relief or other individual remedies.**

(Emphasis added.)

9. Although the Commission is unaware of any instances in which IDEX took action to enforce the award-waiver provisions or in which the affected employees declined to speak with the Commission staff about potential violations of securities laws, these provisions created impediments to participation in the Commission’s whistleblower program by having the employees forego the critically important financial incentives that are intended to encourage persons to communicate directly with the Commission staff about possible securities law violations. Such restrictions on accepting financial awards for providing information regarding possible securities law violations to the Commission undermine the purpose of Section 21F and Rule 21F-17(a), which is to “encourag[e] individuals to report to the Commission,” *Adopting Release* at p. 201, and violate Rule 21F-17(a) by impeding individuals from communicating directly with the Commission staff about possible securities law violations.

10. Through the conduct described above, IDEX violated Exchange Act Rule 21F-17(a), which prohibits any person from taking any action to impede an individual from communicating directly with the Commission staff about a possible securities law violation.

Remedial Actions and Cooperation

11. After being contacted by the Commission staff in connection with this matter, IDEX revised its internal agreement templates, adding language affirmatively advising employees that they are not prohibited from disclosing information to any government agency or collecting any related incentive awards. IDEX also used reasonable efforts to notify the affected employees that their separation and settlement agreements do not in any way limit their ability to contact the Commission staff or to obtain an award in connection with information they provide.

12. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by IDEX and cooperation afforded to the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in IDEX's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, IDEX cease and desist from committing or causing any violations and any future violations of Exchange Act Rule 21F-17(a).

B. IDEX shall, within ten days of the entry of this Order, pay a civil money penalty in the amount of \$75,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch

HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying IDEX as a respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Nicholas P. Heinke, Associate Regional Director, Division of Enforcement, United States Securities and Exchange Commission, 1961 Stout Street, Suite 1700, Denver, CO 80294.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within thirty days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary