

# SEC collects Wall Street's private messages as WhatsApp probe escalates

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The U.S. securities regulator has collected thousands of staff messages from more than a dozen major investment companies, escalating its probe into Wall Street's use of private messaging apps, said four people with direct knowledge of the matter.

Previously, the Securities and Exchange Commission (SEC) had asked the companies to internally review the messages in its investigation of Wall Street's use of WhatsApp, Signal and other unapproved messaging apps to discuss work.

The two-year crackdown into potential breaches of record-keeping rules initially targeted broker dealers, netting regulators over \$2 billion in fines.

While Reuters and other media have reported that the SEC's "off-channel" communication probe has expanded to investment advisers, its move to review thousands of their staff messages has not previously been reported. It marks an escalation of the investigation and raises the stakes for the companies and the executives concerned by exposing their conduct to SEC scrutiny.

"Now that they have all that data - it is very possible that the SEC will find compliance failures in there somewhere that have nothing to do with the off-channel communications record-keeping issues," said Jaclyn Grodin, a lawyer at Goulston & Storrs who is not involved in the investigation.

Attorney Jaclyn Grodin comments in this Thomson Reuters article.