

The Risk is Real for Your Company

Management liability lawsuits brought against privately held companies range from employment issues — such as harassment, discrimination and wrongful termination — to corporate practices issues, including antitrust, breach of fiduciary duty, deceptive trade practices, unjust enrichment, fraud, misrepresentation and securities violations.

The risk for your company is real and significant. So is the protection you can have with insurance offered by Monitor Liability Managers, LLC. Here are just a few examples of the damage that a single management liability case can cause.

Shareholders File \$5 Million Lawsuit

Misrepresentation

Shareholders for a company that markets fitness, health and beauty products filed suit alleging that the company and its directors and officers made misrepresentations in a proxy filed with the SEC, upon which shareholders relied in determining to vote in favor of a merger. Shareholders were unwilling to settle for less than \$5 million. Monitor defended the case through trial, and the insureds were found not guilty. Monitor paid approximately \$2.5 million in defense costs.

Contractor Countersues Computer Company

Fraud/Unfair Business Practices

The U.S. government sued a contractor, alleging that the contractor violated the False Claims and Anti-Kickback Acts due to fraudulent activity by two of its employees in procuring computer-related products for the government. The contractor in turn sued the insured, a computer company, and its CEO for contribution, indemnity and unfair business practices. The contractor alleged that the company participated in the scheme to defraud. Monitor has paid over \$150,000 to defend the CEO.

Former Employees Demand \$3 Million to Settle

Gender and Race Discrimination/Retaliation

Nine ex-employees of a mortgage company (working at three different locations) filed a lawsuit claiming gender discrimination, race discrimination and retaliation. The claimants alleged that throughout the course of their employment managers continually harassed them by calling them derogatory names and subjecting them to a hostile work environment. The claimants have demanded \$3 million to settle despite being unable to show any tangible damages. To date, Monitor has paid close to \$500,000 in ongoing defense costs.

Security Company Pays \$400,000 to Resolve Lawsuit

Sexual Harassment

A male security officer sued a local security company claiming sexual harassment. The claimant alleged that a male manager would regularly and repeatedly sexually harass him by touching him on the chest and stomach while stating different sexual phrases to him. He further alleged that his employer failed to investigate or take any corrective action concerning his allegations. The employer did in fact investigate the claim, and the manager was eventually terminated. In some states, strict liability can apply to certain situations such as this, meaning the employer is liable for the actions of its managers, even if no one was aware that improper behavior was taking place. This matter cost the security company \$400,000 to resolve.

