

# Harassment claim results in employee firings

Issues among corporate shell entities present difficulties in litigation

**\$579,000**

The plaintiffs alleged that the employer's general manager conducted a campaign of sexual harassment, including unwelcome comments of a sexual nature and improper touching of female employees. When several employees indicated that they would oppose the sexual harassment and fully participate in any investigation, they were fired.

The employer had a complex web of corporate shell companies, including the corporation that owned the business, a hold-

ing company that held the property of the business, and an operating company.

The owner contracted out the management of the business to another entity. That entity in turn created an LLC for the purposes of managing the business. The operating company and the management company's LLC were without significant assets.

While the litigation was ongoing, some of the entities filed for bankruptcy. The case presented difficult issues of bankruptcy and joint or single employer. Plaintiffs' attorneys were able to lift the automatic stay in bankruptcy court. Also, the plaintiffs were able to survive the defendants' claims that the entities were not statutory employers through motion practice.

At the time of settlement, the automatic stay did not apply to any of the defendants,

**Type of action:**

Sexual harassment, retaliation

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**Name of case:** *Withheld*

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**Court/Case no./Date:**

Eastern District of Michigan Federal District Court; withheld; Dec. 19, 2007

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**Name of judge:** Robert Cleland

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**Settlement amount:** \$579,000

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**Attorney for plaintiff:** Bruce A. Miller, Eric I. Frankie, Robert D. Fetter

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**Attorney for defendant:** Withheld

and all of the defendant entities continued as parties as joint or single employers.