

High-profile life sciences company settles sexual harassment case

A lunch at a Mexican restaurant has proven very costly for a key company in Atlanta's emerging life sciences industry.

The Company has settled a sexual harassment lawsuit involving its CEO at a cost of \$470,000, according to documents filed in U.S. District Court in Atlanta.

The Company is spearheading an effort with Emory University and IBM Corp. (NYSE: IBM) to build one of the world's largest and most powerful supercomputers. The Company's computer would be a big component in Gov. Roy Barnes' Cancer Coalition initiative, a network of research universities, public health agencies and medical facilities that are collaborating to fight cancer. The supercomputer would be used to help collect and crunch that research.

Early on, the Company served as the corporate anchor for EmTech Biosciences, a new biotechnology incubator that is part of a collaborative partnership between the Georgia Research Alliance and the Advanced Technology Development Center that is run jointly by Emory University and Georgia Tech.

"The Company definitely has the greatest visibility," said Lee Herron, CEO of EmTech Biosciences.

The alleged incident that led to the harassment suit involved the CEO and his one-time executive assistant, Tammi Thomas. A related act of alleged vandalism by Thomas at The Company's office at Emory University was so significant that the then-president of EmTech Biosciences later told the CEO it "jeopardized the entire State's initiative and your leadership as an anchor company," according to a deposition given by the CEO and filed in U.S. District Court.

The incident

Thomas sued the Company and the CEO in State Court of Fulton County on Oct. 10, 2000. According to her complaint, she had started working for The Company in Houston in 1997. In August 2000, she was offered a promotion if she would relocate to Atlanta, which she did, beginning work on Sept. 19, 2000.

On Sept. 25, the CEO invited Thomas and another employee to lunch at the El Azteca restaurant on Ponce de Leon Avenue. The CEO ordered beer and mixed drinks with lunch "and became very intoxicated," according to the complaint.

"After speaking about business matters for a short while, the CEO began making comments about the Plaintiff's appearance," the complaint states.

"The CEO asked the Plaintiff where her short skirts were and why she was not wearing a short skirt. He said, 'I gave you a clothing allowance and I expect to see some short skirts.' He told the Plaintiff that he wanted to see some legs. The CEO also suggested that the Plaintiff remove her suit jacket that she was wearing," the complaint states.

The CEO could not be reached for comment.

At one point, according to the complaint, the CEO moved to the seat next to Thomas and kissed her "five or six times," making Thomas "feel increasingly uncomfortable and nervous."

"The CEO began telling the Plaintiff what a great opportunity she had with The Company in Atlanta and that the two of them were going to be doing a lot of traveling together," the complaint states.

"As the CEO was telling all of this to the Plaintiff he had his arms around her, pulling her to him. At this point, the CEO reached over with his other arm and grabbed the Plaintiff's breast," the complaint states.

Thomas then left the restaurant alone and took a taxi to The Company's offices in a trailer on the Emory campus, according to the complaint.

There, according to other court documents, she kicked in an office window to retrieve her car keys and the keys to her apartment.

The next day, Thomas called the Company's president, and told him what had happened, according to the complaint. Morrissey "told her that the CEO's story was very different from hers and that she should call the CEO." Later that day, she spoke with the CEO who "attempted to apologize." The CEO agreed to pay for her to fly back to Houston to be with her family and friends, the complaint states, and she flew back on the evening of Sept. 26. On Sept. 28, Thomas received a phone call telling her that she no longer had a position in Atlanta, the complaint states. A short time later, she got another phone call telling her the CEO had said she was fired.

In his deposition given May 25, 2001, the CEO described visiting the Company's office the day after the alleged incident and Thomas' kicking in the window.

"I knew that the consequences were going to be huge because universities don't like their property vandalized, even less when it's criminal intention. And we were on the verge of signing a \$10 million contract that was absolutely essential for keeping 28 families employed in this company and seeing the fruits of their years of hard work come together."

"It had consequences to the Georgia Research Alliance, Emory University, Georgia Tech, EmTech Biosciences," the CEO said in the deposition.

Thomas and the Company settled the lawsuit in September 2001, according to court documents.

"The Tammi Thomas lawsuit was settled and subject to confidentiality agreement," said **Richard Robbins**, an attorney for the Company.

The settlement costs and attorneys' fees amounted to \$470,000, according to court documents.

In April, The Company sued its insurer — Hartford Lloyds Insurance Co. — to pay for the cost of the settlement and attorneys' fees from the Thomas case.

"The Company has incurred substantial damages reflecting the paid and incurred expenses for the employment litigation," court documents stated.

Hartford Lloyds, a subsidiary of Connecticut-based The Hartford Financial Services Group Inc. (NYSE: HI) — is refusing to pay the Company's claim because the policy didn't cover the Atlanta firm specifically, said Hartford attorney Frank Bedinger.

Bedinger said that the Company drafted the original policy — which was supposed to cover damages associated with harassment claims — to cover the Company's affiliate, and not the Company.

Since the lawsuit, there has been no effect on the Company's relationships with Emory and IBM.

"We still do have the alliance with the Company, but I don't have a whole lot I can say about the matter," said Gretchen McWhorter, a spokesperson for IBM.

According to EmTech officials, the relationship with the Company ended in January 2001, after the firm moved out of the Emory University space and into the One Atlantic Center office tower in Midtown. As for the damaged window, the Company picked up the tab, said Connie Snipes, a facility manger with EmTech.

The Company's attorney, Robbins, said the "board of the Company" did not punish or reprimand the CEO.

"It's not a significant [event] even for the company. They expect Hartford to cover this expense, but it has absolutely no relevance to their business operations," Robbins said. "Perhaps [the CEO] was concerned about that, but as far as I know, it hasn't jeopardized anything."