UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
FOURTH DIVISION

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION,

Plaintiff,

v.

MANAGEMENT RECRUITERS INTERNATIONAL, INC. d/b/a/ SALES CONSULTANTS OF MINNEAPOLIS,

Defendant.

Civil Action No.
**Settlement Agreement**
97-849 PAM/JGL

## I. Introduction

This action was filed by the Equal Employment Opportunity Commission ("EEOC") on April 9, 1997, pursuant to Title VII of the Civil Rights Act of 1964, as amended. The EEOC alleges that the defendant, Management Recruiters International, Inc. ("MRI"), created a sexually intimidating, hostile, or offensive working environment under its former sales manager, Robert Hammer, and knew or should have known of that harassment and failed to take corrective action. The EEOC also alleges that MRI retaliated against individuals who complained of the alleged sexual harassment, or who took a position as a witness opposing the sexual harassment. The EEOC has sought a remedy only for Louise Anderson, Julie Arnold, Susan Bissonette, Elizabeth Carlson, Brenda Crego, Karla Fenstermaker, Steffany Fleming, Anita Gunderson, Dawn Holupchinski, LeAnn Loken, Mary Jo Marchese, Nancy Parnell, Stephanie Lindberg Porter, Mindy Smith, Susan M. Veller, Brenda Williams, Lisa Zaborowski,

(3)

FILED 4.9.97
FRANCIS E. DOSAL, CLERK

and Marguerite Zack.

MRI denies that it has committed any of the violations alleged by the EEOC, but admits that Robert Hammer was discharged on April 30, 1996, for reasons related to the allegations raised in the EEOC's complaint.

The parties have agreed to settle these claims, in order to reach a prompt resolution of this lawsuit, and following a lengthy investigation by the EEOC and extensive settlement discussions between the parties. The Court has not made any findings or determinations relating to the merit of the EEOC's claims or MRI's defenses to them.

## II. Settlement Terms

### A. Monetary payments

1. MRI agrees to pay a monetary sum to individuals for whom the EEOC seeks relief in the amount of $ 1,302,505.04[1]. MRI and the EEOC consider this payment to be compensatory damages for emotional distress allegedly suffered by the individuals for whom the EEOC seeks relief.

2. Upon signing this Settlement Agreement, the EEOC will return it for signature by MRI, along with the individual release of Louise Anderson, Julie Arnold, Susan Bissonette, Elizabeth Carlson, Brenda Crego, Karla Fenstermaker, Steffany Fleming, Anita Gunderson, Dawn Holupchinski, LeAnn Loken, Mary Jo Marchese, Nancy Parnell, Stephanie Lindberg Porter, Mindy Smith, Susan M. Veller, Brenda Williams, Lisa Zaborowski, and

[1] Plus interest for Mary Jo Marchese in an agreed upon sum, or as may be determined by the Court in Mary Jo Marchese and Steffany Fleming v. Management Recruiters International, d/b/a/ Sales Consultants of Minneapolis, and Robert Hammer, Court file 93-8711 (Hennepin County, Fourth District).

Marguerite Zack. The individual release shall specify the amount that each woman shall be paid. MRI shall have no role in the determination of individual payment amounts, and the Settlement Agreement shall be fully effective provided that each class member signs the individual release.[2] The individual release shall not affect any rights arising after the date that the release is executed. In the event that any class member identified in this paragraph does not sign an individual release, this Settlement Agreement shall be null and void in its entirety, and the EEOC and MRI may proceed to litigate the claims alleged in the EEOC's complaint without prejudice. In the event that this Settlement Agreement is rendered null and void by the refusal of any class member to sign a release, it is the intention of the parties that this Settlement Agreement shall be inadmissible under Rule 408 of the Federal Rules of Evidence. In the event that all of the individuals identified in this Settlement Agreement sign releases, the releases, including the specification of the individual awards, shall be attached as Exhibit A to this Settlement Agreement.

3. MRI and the EEOC recognize that the settlement sums paid above are in resolution of compensatory damages claims made by the EEOC in this case, including claims for emotional distress and physical injury arising from the alleged unlawful sexual harassment

---

[2] Pursuant to an August 14, 1996 arbitral award upheld by Minnesota District Judge Allen Oleisky on October 3, 1996, and made the subject of an amended order for judgment dated December 6, 1996, in Mary Jo Marchese and Steffany Fleming v. Management Recruiters International, d/b/a/ Sales Consultants of Minneapolis, and Robert Hammer, Court file 93-8711 (Hennepin County, Fourth District), Mary Jo Marchese shall receive $619,155.04 in compensatory damages, attorney's fees, and costs of arbitration. In addition, Steffany Fleming shall be be paid a total of $173,350, in resolution of all claims for statutory and common law damages, attorney's fees, and costs. The $510,000 remainder shall be allocated by the EEOC to the other class members named in this paragraph. There are no other class members who have sought relief from the EEOC or agreed to participate in this action.

and/or retaliation. However, neither the EEOC nor MRI make any representation, nor assume any tax liability, for payments that class members may, or may not, incur under local, state, or federal laws by reason of the settlement funds paid under this Consent Decree.

4. Within five business days after its receipt of the Settlement Agreement signed by the EEOC, and all releases from class members, MRI will sign the Settlement Agreement and the Stipulation of Dismissal, attached as Exhibit B, pursuant to Fed. R. Civ. P. 41(a)(2). Within ten days of signing the Settlement Agreement, MRI will deliver checks payable to the individuals named above to counsel for EEOC; the checks for Marchese and Fleming, however, shall be delivered to their counsel, Winthrop & Weinstine, with a copy of the checks to counsel for EEOC. Upon receipt of the checks and delivery of the letter of apology described below, the EEOC will execute the Stipulation of Dismissal and file the Stipulation and the Settlement Agreement with the Court for approval and filing with the Clerk of Court.

B. Non-monetary terms.

1. Sexual harassment training

MRI agrees that it will provide sexual harassment and retaliation training to managers of all of its Management Recruiters and Sales Consultants company offices on an annual basis for the next three years, starting with 1997. The training for 1997 will be provided by a qualified outside attorney or other consultant to be approved by EEOC, and such approval not to be unreasonably withheld. Subsequent years' training shall be in such form as MRI reasonably determines is appropriate to provide the required training. At the conclusion of each year's training, MRI will provide the undersigned EEOC counsel with a certification that the training has occurred and identifying all attendees by name and job title. MRI will provide at

least five days advance notice to the EEOC of the first year's scheduled training, and the EEOC may attend the training as a silent observer.

2. Affirmation of Compliance with Title VII

MRI recognizes its obligations to comply fully with Title VII, and will maintain a policy prohibiting sexual harassment that is designed to ensure a workplace environment which is not sexually intimidating, hostile, or offensive, and to take prompt and appropriate corrective action against any individual who engages in sexual harassment. MRI will post the policy in a conspicuous place where employee notices are customarily posted. The policy will further state that MRI recognizes the right of any individual to oppose any practice made unlawful by Title VII, and to make a charge, testify, assist, or participate in an investigation, proceeding, or hearing under Title VII free from retaliation.

3. Provisions relating to Robert Hammer.

MRI terminated the employment of Robert Hammer on April 30, 1996, for reasons relating to the sexual harassment and retaliation claims set forth by the EEOC and other reasons. MRI agrees that Hammer will not be re-employed by MRI or any of its subsidiaries or divisions.

4. Apology letter.

MRI agrees that the apology letter attached to this Settlement Agreement as Exhibit C shall be individually addressed to each class member who signs a release and receives a settlement check, and will be personally signed by MRI President Alan R. Schonberg.

5. Certification to EEOC.

Upon compliance with the provisions contained in this Consent Decree, MRI will promptly certify to the EEOC's undersigned counsel that MRI has complied with the appropriate provision of the Consent Decree.

6. Enforcement.

The parties agree that, in the event of any dispute relating to this Settlement Agreement which requires resolution by a Court, that the Court in which this action is filed shall have jurisdiction to enforce the terms of the Settlement Agreement.

7. Effect on EEOC Powers

The parties agree that this Settlement Agreement does not restrict the EEOC's ability to process charges of discrimination against MRI which are not related to the claims made in this lawsuit, or which are not covered by the releases executed in connection with this settlement.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Clifford G. Stewart
General Counsel

Rosalind D. Gray
Deputy General Counsel

3/28/97

Reuben Daniels Jr.
Regional Attorney

Dennis R. McBride
Supervisory Trial Attorney

Julie C. Bretz

Trial Attorney

3/28/97

Lloyd B. Zimmerman
Senior Trial Attorney
Minneapolis Area Office
330 Second Avenue South, Suite 430
Minneapolis, Minnesota 55401
(612) 335-4046

MANAGEMENT RECRUITERS INTERNATIONAL, INC.

3/31/97

Donald L. Goldman
Vice President and General Counsel
200 Public Square, 31st Floor
Cleveland, Ohio 44114-2301
(216) 696-1122

Linda L. Holstein
Schatz Paquin Lockridge Grindal & Holstein
Suite 2200
100 Washington Avenue South
Minneapolis, Minnesota 55401
(612) 339-6900

MRI letterhead

Dear

I am writing to you personally in connection with the settlement of the proceeding before the EEOC. As you may know, I founded MRI over 30 years ago. It has grown to its present stature primarily because of the efforts of the people who have worked with us over the years. I have always believed and taught that our people are our most valuable asset.

Unfortunately, a situation arose in Minneapolis which did not reflect the principles on which MRI was built. In the course of our discussions, the EEOC shared with me some of your complaints and those of other employees about the atmosphere in the Minneapolis offices. I told the EEOC representatives at that time that I was shocked and saddened by what I was told.

While we cammot change the past, we certainly can affect the present and the future. As you know, Bob Hammer's employment was terminated. I have full confidence that Carrie Schoenwetter and Jack Hardesty, the managers of MR and SC Minneapolis, are persons who treat our valued associates with the respect and dignity to which they are entitled.

I particularly wish to apologize to you for anything which occurred while you were an employee of ours which may have caused you distress of any kind.

Very truly yours,

MANAGEMENT RECRUITERS INTERNATIONAL, INC

Alan R. Schonberg
President