

NY lawmakers urge Ernst & Young to drop mandatory arbitration of harassment claims

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(Reuters) - Dozens of New York state lawmakers have urged Ernst & Young US LLP (E&Y) to end its policy of requiring employees to arbitrate sexual harassment claims, beginning with a former partner who is suing the accounting firm to invalidate her arbitration agreement.

Sixty-seven lawmakers - nearly one-third of the state legislature - in a letter to E&Y chairman and chief executive Carmine Di Sibio on Tuesday said mandatory arbitration imposes enormous costs on employees and undermines the firm's stated commitment to advancing women in the workplace. Most of the lawmakers are Democrats but several are Republicans.

New York-based E&Y did not immediately respond to a request for comment.

In the letter, the lawmakers highlighted the case of former E&Y partner Karen Ward, who filed a lawsuit in federal court in Manhattan last month seeking to strike down an arbitration agreement she signed so she can sue the firm for alleged sexual harassment and for paying her less than male colleagues.

"By limiting (Ward's) recourse to forced arbitration at a personal cost of hundreds of thousands of dollars, you are effectively silencing her and sending a message to your other employees that their claims will not be given a fair hearing," the lawmakers wrote to Di Sibio.

The New York legislature last year passed a law banning mandatory arbitration of sexual harassment claims. Maryland, Washington, New Jersey, and Vermont have adopted similar laws.

But a federal judge in Manhattan last month in a lawsuit against Morgan Stanley & Co said New York's law was preempted by the Federal Arbitration Act. The plaintiff in that case, Latif v. Morgan Stanley, appealed the ruling to the 2nd U.S. Circuit Court of Appeals last week.

In Tuesday's letter, the lawmakers noted that companies such as Microsoft Corp, Facebook Inc, Uber Technologies Inc, and several law firms including Kirkland & Ellis and Sidley Austin have recently announced that they would end mandatory arbitration of harassment and other employment claims.

Ward's lawyer, Michael Willemin of Wigdor, said in a statement that he was "thrilled and proud" about the letter.

"EY should be leading by example, not silencing employees who have been sexually harassed or discriminated against," he said.

Ward in her lawsuit filed in federal court in Manhattan earlier this month said her arbitration agreement should be struck down because the costs of arbitration effectively preclude her from pursuing her claims. She said she has been billed \$185,000 in arbitration costs, compared to the \$450 filing fee for her lawsuit.

Ward last year filed a complaint with the Equal Employment Opportunity Commission, and later an arbitration against E&Y, claiming her supervisor routinely made comments about her appearance and that she was fired for complaining. The firm has denied the claims and said Ward was fired for failing to meet performance goals.

Ward said a panel of arbitrators in May denied her motion to require E&Y to cover all of her legal costs.

The case is Ward v. Ernst & Young US LLP, U.S. District Court for the Southern District of New York, No. 1:19-cv-06667.