

Ex-Muni Staffers Sue CSFB For Lack of Closing Notice

CS First Boston Corp.'s recent spate of layoffs has not been without its legal reverberations. Following their abrupt termination in mid-February, two former members of the firm's municipal securities trading division led the filing of a class action lawsuit in federal court against the firm. The two executives were among some 125 staff let go Feb. 13 when First Boston announced it was withdrawing from the muni securities market and dissolving the division. It could not be determined at press time how many technology support staff were swept out in what the suit described as a "firmwide reduction-in-force."

The suit—brought by former First Boston municipal securities division vice president James Forbes and director Andrew O'Connell—contends that dismissed staffers did not receive proper "plant closing" notification required 60 days prior to termination under the federal Worker Adjustment and Retraining Notification Act. The plaintiffs are seeking 60 days pay, bonus compensation, \$500 for each day First Boston is in violation of the act and attorney's fees.

According to the suit, First Boston was paying two-year veteran Forbes some \$250,000 a year plus bonus prior to laying him off. O'Connell, who had an 18-year tenure with the firm, was making \$700,000 plus bonus at the time of his dismissal, the suit said. The application of the plant-closing notice rule in a case involving such highly paid individuals is unusual.

"The company believes it has treated all of its employees fairly and in accordance with the law during a very difficult time in the industry," says Jim Warnot, an attorney for Shearman & Sterling, the law firm representing First Boston. However, the attorney representing the ousted employees disagrees. "Don't be confused by some sort of back-ground din that these cuts were made to get rid of unprofitable units," says Jeffrey Liddle, attorney at Liddle & Robinson. Liddle points out that the municipal securities division was profitable last year.

SF+ from the Selectserver. The statement said: "This means that Selectfeed Plus is now available in the old MEA region alongside Selectserver."

SF+ is a broadcast feed with an interactive component; it was first announced by Reuters 18 months ago to replace the interactive-only Selectfeed. Selectserver is a hardware/software component based on Sun Microsystems Inc. Sparcstations that converts the data feed into Reuters' Source/Sink Library application programming interface (API) used by the Triarch 2000 digital data distribution system.

Reuters stated: "The decision in principal to implement such an alignment pre-dated the South African Competition Board's inquiries into the previous policy in the old MEA business area."

'Concerns Dispelled'

Reuters conferred with the Competition Board on April 11 to "explain the reasoning for the old MEA policy and to advise the Board of the new policy," according to the Reuters statement. The Competition Board then sent a letter dated April 12 to Reuters which stated that "the concerns which the Board may have had regarding the complaint of The Trading Desk, Micrognosis' agent in South Africa, have now been dispelled."

The Competition Board letter reads: "In view of Reuters' stated objective that its policies and procedures in Africa and the Middle East will henceforth coincide with policies and procedures followed in Continental Europe, no further action by the Board is warranted or contemplated."

Jurie Hamman, managing director of TTD, says that he is satisfied with Reuters' decision, but with some reservations. He is pleased that Reuters "has openly stated that they will supply SF+" as a separate service from the Selectserver. However, he says: "If they play pricing games, then it means the matter has not been settled."

Hamman does not believe that Reuters would have changed this policy if TTD had not filed a complaint.

'Interesting Explanation'

Hamman questions Reuters' claim in the release that the decision "pre-dated" the Competition Board's inquiries. Hamman says that the Reuters statement implies that the SF+ dispute only began this year, since the Reuters statement discusses the business unit merger of Jan. 1. He points out that the original complaint by TTD was dated October 11, 1994. He also refers to a letter dated Feb. 15 from Reuters' attorneys—the South African firm of Webber Wentzel Bowens (WWB)—"outlining a case why not to supply SF+," Hamman says. He says that he does not mind "Reuters explaining outdated