

To: John Wellspeak, Director of Administration  
William Oak, Director of Finance

From: Bill Collins

Subject: Payment pursuant to attached Settlement Agreement

Date: June 7, 2012

Two employees in the office of a Member of the Assembly have, by their retained outside counsel, alleged claims of sexual harassment and sex discrimination in asserted violation of certain state and federal employment laws. After extensive dialogue and correspondence between my office and the employees' retained counsel, we agreed to attempt to achieve a mediated resolution of this dispute. Complainants initially sought damages of \$1.2M. In the course of mediation before a highly experienced mediator, we were given to believe that it was most likely that this matter could be settled at an aggregate amount of between \$250,000 and \$450,000.

Obviously, going into mediation, we felt impelled to assess our potential litigation risks in either administrative or judicial forums. We consulted with knowledgeable employment lawyers within the Office of the Attorney General and in private practice in New York City (the location of the alleged employment issues). We were advised that, given the circumstances as we assessed them to be (pre-discovery), the range of settlement amounts identified above could be a viable risk of any potential adverse judgment amounts if we were unsuccessful in litigation.

During the pendency of our negotiations, both employees were reassigned and remained on the Assembly payroll with actual work responsibilities and different supervisors. This obviated any potential "backpay" liability in the event of an adverse outcome in litigation. In fact, the settlement amounts do not involve wage or salary "compensation" of any sort; i.e., they are neither "backpay" nor

“frontpay”. The settlement amounts, to be distributed and - to some extent – retained by one of the complainants law firms (Cutti Hecker Wang LLP) are exclusively in the nature of alleged damages for the employees’ alleged pain and suffering including emotional distress, and attorneys fees.

In the interest of complete confidentiality of the identity of the Assemblymember and the two former employees, all names (other than mine) have been redacted on the attached Settlement Agreement. Please note that I have personally engaged in discussions with the Counsel’s Office of the Office of the State Comptroller and received specific useful advice on particular language of the Settlement Agreement (e.g., paragraphs 10 and 27) from Associate Counsel John Dalton and Assistant Counsel Maryann Tommaney.

The provisions of the Settlement Agreement itself are somewhat complex but, the payment terms are quite straightforward; we are to issue a check in the amount of \$103,080 to the law firm of Cuti Hecker Wang LLP on or before July 18, 2012 simultaneously with the issuance of a check by the Member of the Assembly in the amount of \$32,000. Thereafter, the distributions specified in the Settlement Agreement and all necessary tax forms will be prepared by Cuti Hecker Wang LLP.

Please do not hesitate to contact me if you require any further information in the processing of this payment.

Enclosure