

Attorneys**Partner**

- Perry M. Amsellem

Partner Perry Amsellem Appears on CNBC to Discuss Class Action Arising Out of Circuit City Layoffs

When Circuit City learned that it had lost \$12.2 million for the quarter ending February 29, 2007 (as compared to a having a \$14 million profit for the same period the previous year), it fired 3,400 employees. The layoffs were based upon a wage initiative, as Circuit City believed that it was overpaying a portion of its sales force (about 8% of it) above market rates. Circuit City terminated those employees and replaced them with employees making less money. It also gave the terminated employees the option of reapplying for their jobs, although at lower salaries reflecting market rates, after they had been terminated for ten weeks.

On April 5, 2007, Pryor Cashman litigation partner Perry Amsellem appeared on CNBC with host Melissa Francis to discuss a litigation brought against Circuit City by a group of older, better-compensated employees who had been fired and told that it was for financial, not an age-based, reasons. Appearing on the program with Amsellem was attorney Gloria Allred, who had filed a class action suit on behalf of the terminated employees in California state court alleging age discrimination based upon a California statute which she claimed did not require evidence of discriminatory intent, but instead was satisfied merely by disparate disproportionate impact on workers 40 and over.

During the program, Allred discussed the suit from the employees' point of view and Amsellem aggressively approached it from the employer side. Amsellem defended Circuit City's right to lay off "at will" employees based upon earnings and finances and the total lack of any evidence of discriminatory intent. Amsellem viewed the litigation as a creative attempt to line the pockets of class action lawyers at the expense of taxpayers, shareholders and business.

Amsellem discussed the effect of suits such as these on the U.S. economy, noting that frivolous litigation saps our economy in a number of ways. He indicated that this suit, and others like it, were good reasons for the U.S. to consider adopting the English Rule of "loser pays," referring to the fact that in the U.K., the losing side pays the other side's attorney's fees.