

STATE OF MICHIGAN
COURT OF APPEALS

ALEXANDER HAMILTON LIFE,

Plaintiff/Counter Defendant-Appellee,

v

LEE M. ZOHROB,

Defendant/Counter Plaintiff/
Third-Party Plaintiff-Appellant,

v

HOUSEHOLD INTERNATIONAL, INC.,
DONALD CLARK, RICHARD HULL,
KENNETH ROBIN, COLIN KELLY,
JOSEPH SAUNDERS, GARY GILMER, and
RICHARD HEADLEE,

Third-Party Defendants.

Before: Hood, P.J., and Gribbs and T.S. Eveland*, JJ.

PER CURIAM.

Defendant/counter plaintiff, Lee Zohrob, appeals as of right from an order granting summary disposition in favor of plaintiff/counter defendant, Alexander Hamilton Life Ins Co (AHL), on her claims of wrongful discharge and retaliatory discharge under the Elliot Larsen Civil Rights Act, MCL 37.2101 et seq.; MSA 3.548(101) et seq. (ELCRA).¹ We affirm.

AHL is a life insurance company that was wholly owned by Household International, Inc. (Household). Lee Zohrob is the former vice-president, associate general counsel and corporate secretary of AHL. At some point, someone other than Zohrob was appointed to the position of general

* Circuit judge, sitting on the Court of Appeals by assignment.

counsel for AHL. Zohrob threatened legal action against AHL for discrimination. The threatened legal action was settled by Zohrob and AHL. Zohrob drafted all the settlement documents. As part of the settlement, AHL was to acquire accounts receivables from Instrument Sales and Service Company (IS&S), a company owned by Zohrob and her husband, Milad, for \$271,657.

On November 8, 1993, Zohrob was discharged for “among other things, breaches of fiduciary duty, breaches of professional responsibility and violation of the Company’s Statements of Business Principles.” AHL claimed that the transaction involving the acquisition of accounts receivables from IS&S was actually an “insider settlement” because Zohrob and her husband owned IS&S. The decision to terminate Zohrob was made by Gary Gilmer, president of AHL, and Kenneth Robin, assistant general counsel for Household. Neither had participated in the settlement negotiations and had no actual knowledge of the negotiations.

On January 5, 1994, AHL sued Zohrob, her husband and IS&S based on Zohrob’s mischaracterization of the transaction and her conduct in keeping it secret from AHL’s board of directors and Household. In an amended complaint filed on February 10, 1994, AHL added counts of rescission and cancellation of various agreements underlying the “insider settlement transaction” and also sought declaratory judgment relief on various issues pertaining to this transaction and the question of whether Zohrob’s employment was properly terminated.

On February 14, 1994, the Zohrobs and IS&S filed a counter-complaint against AHL, alleging breach of the settlement agreement, breach of the employment contract, wrongful termination, retaliatory discharge under the ELCRA, conspiracy, interference with contractual and/or business relationship, and outrageous and intentional infliction of emotional distress.

On January 18, 1995, AHL and the third-party defendants filed a motion for partial summary disposition on Zohrob’s claims of wrongful discharge and retaliatory discharge. They argued that Zohrob was terminated because she had, while an attorney in AHL’s law department, spearheaded a transaction that involved a conflict of interest and sought to avoid disclosure requirements which caused AHL to violate the Michigan Insurance Code. They argued that, as a result, Zohrob’s wrongful discharge claim must fail because she had engaged in conduct which she had reason to know would be grounds for termination. They further contended that her retaliatory discharge claim must also fail because she was not terminated for “settling” her claim that she did not receive a promotion because of sexual discrimination, but rather for the deceitful manner in which she effectuated a transaction involving a conflict of interest.

The Zohrobs and IS&S argued that summary disposition was improper because there were genuine issues of material fact.

In moving for summary disposition, AHL filed an excerpt from its Manual that expressly provides that it is not a contract employer, but describes the “company philosophy” as follows:

Alexander Hamilton Life has elected to be a “Satisfaction” employer. This means that you, as an employee, can retain your job as long as your performance satisfies management, based on the opinion of management, as long as business conditions allow for the existence of your job.

The thrust of AHL’s argument, however, was that Zohrob, as an attorney in AHL’s law department, was subject to the policies of Household, the parent corporation, and that she was discharged pursuant to those policies. AHL relied on Household’s Corporate Management Guide (Household’s Guide). Section 14.0 of Household’s Guide pertains to the Office of General Counsel and provides for the Office of General Counsel to direct, on a worldwide basis, the total spectrum of law and related services (excluding corporate taxation). The “policies” section states in §14.1, in part, with respect to reporting relationships:

Each attorney in the Office of General Counsel reports on a solid line basis directly to the [Household] General Counsel, or indirectly through other attorneys, to the [Household] General Counsel. The General Counsel for each business segment has been given responsibility for the legal affairs of the business segment and as such reports on a dotted line basis to the business head for that business segment. The [Household] Assistant General Counsel - financial services, will, accordingly, consult with each relevant business head in making the following key decision for his direct reports: performance appraisals, hiring, promotion, demotion, termination, MBO setting, award determination, and compensation levels.

Zohrob testified in her deposition that she was aware of §14.0 of Household’s Guide. Kenneth Robin, who was responsible for supervising the General Counsel’s offices for all Household subsidiaries, including AHL, averred in his affidavit that Zohrob reported to him, in writing on a monthly basis regarding the activities of the AHL law department. Robin indicated that they had monthly telephone conferences concerning these activities, attended annual law department meetings in Chicago, and participated in teleconferences involving representatives of each law department in the Household organization.

Robin further averred that Household had issued a Statement of Business Principles, wherein Zohrob personally executed a “certificate of compliance” on April 23, 1993. In the certificate of compliance, Zohrob acknowledged reading the Statement of Business Principles and that “I understand that failure to abide by the provisions of the Statement of Business Principles and the Policies and Guidelines Manual may result in termination of my employment.” The certification date of April 23, 1993, occurred about a month before Zohrob reached a letter of understanding with AHL’s controller and vice-president for Human Resources which stated:

You have indicated that you will forego any legal action because of AHL’s appointing someone other than you as AHL’s General Counsel upon R.B. Egan’s retirement on 3/31/93, if AHL will purchase the accounts receivable of the Instrument Sales and

Service Company. In the interest of extreme confidentiality, you will have to represent AHL legally in the preparation and execution of the agreements.

The settlement was signed on August 23, 1993. The letter and the agreement were signed on behalf of AHL by its controller and vice-president for Human Resources. Robin averred that he was advised of Zohrob's participation in the transaction during October or November. He concluded that this agreement violated the conflict of interest provision of Household's Statement of Business Principles.

Robin indicated that, after he understood the nature of the transaction and Zohrob's conduct, he discussed this matter with Gary Gilmer, president of AHL, who agreed that Zohrob should be discharged. Robin averred that:

6. No disclosure and prior approval of this transaction had been made to me by Lee Zohrob as required by the Statement of Business Principles and the Certification of Compliance she executed. In fact, one of the transaction documents, which I learned had been drafted by Lee Zohrob, purported to relieve her of this obligation, which itself is a violation of the Statement. This was particularly troublesome to me because Lee Zohrob was acting as Alexander Hamilton's principal attorney for some time during 1993, and any attorney would know that a reporting requirement imposed by Household International could not purport to be waived by agents of its subsidiary, particularly through the participation of the individual who was required to do the reporting to begin with.

* * *

8. Needless to say, I was extremely dissatisfied with the performance of Lee Zohrob in participating in this transaction without reporting it as required. I felt she had compromised her client, Alexander Hamilton, and the General Counsel's office, as well. The transaction violated the Michigan Insurance Code and we were required to so advise the office of the Insurance Commissioner. The policy statements concerning conflicts of interest specify that an employee must expect to be subject to discharge if her or she fails to at least report transactions that represent a potential conflict for review and resolution by the office of the General Counsel.

9. If this transaction had been reported to me as is required under the policies, I would have prevented it from occurring. . . .

Gilmer similarly averred in his affidavit that Zohrob's conduct required termination. He indicated that other participants in the transaction were also discharged or disciplined: "I discharged a less culpable male employee and disciplined two others."

Gilmer sent Zohrob a letter on November 8, 1993, which provided:

Our investigation of the transaction involving the Company's purchase of receivables from Instrument Sales and Service, a company owned by your husband, had led us to conclude that your actions constituted a violation of Household's Statement of Business Principles. Moreover, as an attorney and as an officer of the company, you clearly breached your fiduciary duty and your professional responsibility to act with the highest degree of ethical care.

As a result of your actions, we have lost confidence in your professional judgment and objectivity.

In her deposition, Zohrob acknowledged drafting documents, as an attorney for AHL, that were utilized as part of the settlement. She also admitted that she did not report the transaction and did not care what Household might think of the transaction. Zohrob claimed that it was AHL's duty to report the transaction to Household because it was her employer and it made the agreement with her.

The trial court ultimately granted summary disposition on Zohrob's claims of wrongful discharge and retaliatory discharge, finding that no genuine issue of material fact was shown regarding AHL's asserted reason that Zohrob was discharged for a violation of company policy.

On March 15, 1995, the Zohrobs and IS&S filed a motion for reconsideration, arguing that there was factual support for Zohrob's wrongful discharge and retaliatory discharge claims. The trial court denied the motion.

I. Jurisdiction

We initially note that, contrary to AHL's assertion in its statement of jurisdiction, this Court has jurisdiction to consider this appeal as of right. This Court's jurisdiction of an appeal as of right from a circuit court is limited to final judgments or final orders pursuant to 7.203(A)(1). *McCarthy & Associates, Inc v Washburn*, 194 Mich App 676, 678; 488 NW2d 785 (1992). A final order is an order which, by itself or in conjunction with previous orders, disposes of all of the claims of all of the parties or is an order which, although otherwise not final, disposes of at least one claim of one party and is certified as a final order under MCR 2.604(A). *Id.* at 679.

In this case, the March 1, 1995 order disposes of all of Zohrob's discharge theories against AHL in the counter-complaint. While a motion for rehearing/reconsideration was sought and denied, such an order is not the "final" order from which an appeal as of right may be filed, although it may serve as a triggering even for calculating the time for filing a claim. *Adams v Perry Furniture Co*, 198 Mich App 1, 5; 497 NW2d 514 (1993).

The question raised in AHL's brief is whether there was "no just reason for delay" as indicated by the trial court. The mere fact of certification by the lower court does not end the inquiry into whether an order is final. *Children's Hosp of Michigan v Auto Club Ins Ass'n*, 450 Mich 670, 678; 545 NW2d 592 (1996). This Court has questioned the continued viability of a trial court certification under

MCR 2.604(A) in *Kaufman & Payton, PC v Nikkila*, 200 Mich App 250, 251 n 1; 503 NW2d 728 (1993), but nevertheless reviewed the matter raised in the appeal as of right under MCR 2.604(A). Similarly here, while the trial court's certification may be questionable, it does afford this Court with jurisdiction to consider this appeal as of right.

II. Procedural challenges to the grant of summary disposition

Zohrob argues that AHL's motion for summary disposition and the trial court's order granting AHL summary disposition were defective for failure to cite the applicable court rule. We disagree. Exact technical compliance with MCR 2.116(C) is not required. *Mollett v Taylor*, 197 Mich App 328, 332; 494 NW2d 832 (1992). In *Moy v Detroit Receiving Hosp*, 169 Mich App 600, 605; 426 NW2d 722 (1988), this Court observed that:

While it is true that defendants failed to identify the specific subrule under which they sought summary disposition, it is apparent from the written motions and from oral argument that defendants' motion was at all times premised on plaintiff's inability to establish a prima facie case of medical malpractice because of the lack of expert testimony. *Plaintiff could not have been confused or misled in defending against defendants' motion, and, indeed, our review of the pleadings and transcript reveals that plaintiff clearly understood the issue before the court.*

Here, in Zohrob's response to AHL's motion for summary disposition, she indicated that AHL's motion "does not describe under which subsection it is brought in spite of the requirements of MCR 2.116(c)," yet proceeded to argue that, "[s]ummary disposition is proper only if there is no genuine issue as to any material fact." In addition, as part of her motion for reconsideration, Zohrob argued that:

The Plaintiff did not identify what rule they are moving under in reference to their Motion for Summary Disposition, nor did the Court identify under what rule the Motion was granted. As such, *since pleadings and evidence were considered in this matter, it must be presumed that the Motion was made and granted under MCR 2.116(C)(10).*

Moreover, in its opinion and order granting summary disposition, the trial court noted that the lack a "genuine issue if material fact" must be based on admissible evidence. It is evident that all parties and the trial court understood the basis of the motion for summary disposition.

We also reject Zohrob's argument that there were many factual questions raised below. We decline to review this issue because it was not identified in Zohrob's statement of questions as required by MCR 7.212(C)(4). *People v Yarger*, 193 Mich App 532, 540 n 4; 485 NW2d 119 (1992).

We likewise decline to address Zohrob's argument concerning the twenty-page limitation for her response to AHL's motion because it was not identified in the statement of questions. MCR 7.212(C)(4). Moreover, Zohrob failed to provide us with any supporting authority for this argument. A party may not merely announce his or her position and leave it to us to discover and rationalize the basis for the claim. *Goolsby v Detroit*, 419 Mich 651, 655, n 1; 358 NW2d 856 (1984); *In re Toler*, 193 Mich App 474, 477; 484 NW2d 672 (1992).

III. Wrongful Discharge

Zohrob argues that the trial court erred in granting summary disposition in favor of AHL on her wrongful discharge claim because there are several issues of material fact. We find that none of Zohrob's arguments have merit. We review a trial court's grant of summary disposition de novo. *Pinckney Schools v Continental Casualty Co*, 213 Mich App 521, 525; 540 NW2d 748 (1995). A motion for summary disposition under MCR 2.116(C)(10) may be granted when, giving the benefit of reasonable doubt to the nonmoving party, there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *Id.*

Zohrob argues that summary disposition in favor of AHL was improper because she was only an employee of AHL, but AHL failed to follow their own company procedures in the Policies and Guidelines Manual (the Manual) for immediate termination. An employer's statement of company policy and procedure creates enforceable contract rights. *Toussaint v Blue Cross & Blue Shield of Michigan*, 408 Mich 579, 609-610; 292 NW2d 880 (1980); *Sepanske v Bendix Corp*, 147 Mich App 819, 826; 384 NW2d 54 (1985).

The Manual provides that no employee is to be released without the approval of the departmental vice-president, the legal department and human resources. It is undisputed that Zohrob was an employee of AHL. Assuming that AHL's Manual governed the procedure for immediate termination, it does not contain a specific procedure to be followed by AHL for "approval" of the immediate dismissal of an employee. No formalities are required by the manual.

In any event, even if Zohrob had a legitimate expectation that she could only be terminated immediately pursuant to a formal procedure, the only additional individual whom Zohrob has identified that should have approved her termination is Paul Shay. Shay was AHL's general counsel at the time Zohrob was discharged. Shay averred in an affidavit that he did not actively participate in the decision to terminate Zohrob, but that he, at all relevant times, concurred in the decision to terminate her and, if he had been the relevant decision maker, he would have terminated her based on his knowledge of her conduct. Accordingly, no question of fact exist relative to the issue of whether Zohrob would have been in a different position if Shay had been asked to formally approve her immediate termination. We therefore conclude that this issue fails to create a genuine issue of material fact.

Zohrob also claims that, because she was a "satisfaction" employee rather than an "at will" employee, summary disposition was inappropriate. Generally, an "at will" employee can be discharged at any time and for no reason; the employer can do so arbitrarily and capriciously. *Rood v General Dynamics Corp*, 444 Mich 107, 116; 507 NW2d 591 (1993); *Henry v Hospital & Health Services Credit Union*, 164 Mich App 90, 93; 416 NW2d 338 (1987). Whereas a satisfaction employment contract is one in which the employer agrees to employ a person so long as it is satisfied with the employee's job performance. Under a satisfaction contract, the employer is the sole judge of whether performance is satisfactory. *Mitchell v GMAC*, 176 Mich App 23, 32; 439 NW2d 261 (1989).

We agree with AHL's argument that, under the circumstances of this case, Zohrob's employment status is irrelevant. It is undisputed that Zohrob signed a certificate of compliance that stated: "I understand that failure to abide by the provisions of the Statement of Business Principles and the Policies and Guidelines Manual may result in termination of my employment." The evidence revealed that Zohrob failed to report the conflict of interest which resulted from the transaction in violation of the Statement of Business Principles. Zohrob, accordingly, should have no legitimate expectation that her employment would continue after her conduct. In any event, there was undisputed evidence presented that AHL was, in fact, dissatisfied with Zohrob's performance as a result of her participation in the "insider settlement." AHL's president, Gary Gilmer, indicated that Zohrob's conduct was unethical and that AHL had "lost confidence in [her] professional judgment and objectivity." It is obvious that AHL was dissatisfied with Zohrob.

Zohrob also argues that summary disposition was improper because §14 (Office of General Counsel) and §11 (Human Resources) did not apply to her, and even if §14 was applicable, it was discriminatorily applied where male "non-corporate taxation lawyers" allegedly did not report to Household's Office of General Counsel. Whether §§ 11 and 14 applied to Zohrob was inconsequential where she was terminated for the lack of her compliance with Household's Statement of Business Principles. Furthermore, we decline to consider the issue of whether § 14 was discriminatorily applied because it was not raised below and is given only cursory treatment in Zohrob's brief. *Community Nat'l Bank v Michigan Basic Property Ins Ass'n*, 159 Mich App 510, 520-521; 407 NW2d 31 (1987).

We also reject Zohrob's claims that summary disposition was improper because there was no evidence that she violated AHL's conflict of interest policy, and she signed Household's certificate of compliance only because she was asked to do so by AHL. Because Zohrob was terminated based on Household's Statement of Business Principles, AHL's conflict of interest policy was not at issue in this litigation. Furthermore, the signing of the certificate of compliance is not a disputed fact.

Zohrob also asserts that, because the alleged violation" occurred after she signed the certificate of compliance, she was actually being accused of not completing another certificate. There, however, was no evidence presented that Zohrob was terminated for failing to execute another certification of compliance. This issue, therefore, does not create a genuine issue of material fact.

Zohrob next claims that AHL waived the reporting requirement in the Statement of Business Principles. We disagree. Zohrob relies on the following clause in a document related to the settlement, entitled "GENERAL RELEASE OF CLAIMS, SETTLEMENT AND NON-DISCLOSURE AGREEMENT":

5. . . . This paragraph also served to release Lee Zohrob from any duty to report this arrangement under the Conflict of Interest Statement and not to do so will exempt her from any penalties.

We find that this language is not a valid waiver where Zohrob drafted the language, and Zohrob was the only person to sign this form. There is no evidence that this document was ever given to Household, the only party logically authorized to grant a waiver of the reporting requirement. Nor has Zohrob presented any evidence that AHL waived the reporting requirement or that it had authority to do so.

Zohrob also claims that, because Household did not have the authority to affect the terms and condition of her employment, she was not bound by the Statement and Business Principles, that Household did not have the authority to promulgate the reporting requirement, and that, in evaluating her wrongful discharge claim, the only thing that matters is whether AHL was satisfied with her.

We find this argument devoid of merit. We first note that AHL was, in fact, dissatisfied with Zohrob's conduct as evidenced by the actions and affidavit of Gary Gilmer, president of AHL. Moreover, Zohrob voluntarily executed the certificate of compliance, thereby expressly recognized that she had a duty to obey Household's Statement of Business Principles. In addition, § 14 of Household's Guidelines confirms that Zohrob did report to Robin.

Zohrob next argues that, because there was a genuine issue of material fact as to whether her actions caused her employer to violate MCL 500.5252(1); MSA 24.1252(1), summary disposition was improper. Again, we disagree.

MCL 500.5252(1); MSA 24.1252(1) provides, among other things, that

A director or officer of an insurance corporation doing business in this state shall not knowingly and intentionally, directly or indirectly, receive any money or valuable thing for negotiating, procuring, recommending, or aiding in any purchase by or sale to such corporation of any property or any loan from such corporation, or be pecuniarily interested, either as principal, co-principal, agent, or beneficiary in any such purchase, sale, or loan.

Even though the question of whether Zohrob's conduct caused AHL to violate the statute is arguably irrelevant to her termination, we find that there was at least a reasonable basis for concluding that the criminal statute was violated. In any event, despite whether AHL would be charged with a criminal act, there was evidence that, as part of her settlement with AHL, Zohrob undertook to sell accounts receivables of IS&S to AHL. Zohrob admitted that she was a joint owner and a director for IS&S, and had also served as its secretary. As such, Zohrob's characterization of the relevant transaction as a "settlement," does not create a genuine issue of material fact.

Zohrob also contends that that summary disposition was inappropriate because she could establish that the actual reason for her discharge was AHL's dissatisfaction with the settlement, rather than her conduct. We disagree. Other than the existence of her settlement, which was negotiated with fellow AHL employees, Zohrob has presented no evidence for her assertion that the settlement was the true reason for the discharge. Based on the evidence presented, the specific explanation for the

discharge was a specific instance of conduct involving a conflict of interest that Zohrob failed to report in violation of her continuing duty to do so.

We therefore conclude that the trial court properly granted summary disposition in favor of AHL on Zohrob's wrongful discharge claim because there were no genuine issues of material fact as to why Zohrob was terminated.

IV. Retaliatory Discharge

Zohrob next argues that the trial court erred in granting summary disposition in favor of AHL on her retaliatory discharge claim because there was a genuine issue of material fact as to whether she was terminated in retaliation "for her entering into a settlement of her sexual discrimination claim" against AHL. We disagree.

The ELCRA, MCL 37.2101 et seq.; MSA 3.548(101) et seq., prohibits employers from retaliating against an employee for making a charge, filing a complaint, testifying, assisting, or participating in an investigation, proceeding, or hearing under the act. MCL 37.2701; MSA 3.548(701); *McLemore v Detroit Receiving Hosp*, 196 Mich App 391, 395-396; 493 NW2d 441 (1992).

Generally, under the ELCRA, in order to establish a violation, the plaintiff must first show either disparate treatment or intentional discrimination. If the plaintiff does so, the defendant must establish a legitimate reason for its actions. If the defendant does so, plaintiff must then show that the reasons proffered are mere pretext by showing that they lack credibility or that a discriminatory motive was a more likely reason for the action. See *Clarke v K Mart*, 197 Mich App 541, 545; 495 NW2d 820 (1992). The core issue is the employer's motivation for terminating the plaintiff. See, *McLemore, supra*.

In this case, even assuming that Zohrob carried her burden, AHL presented a legitimate reason for her termination namely, Zohrob's failure to comply with Household's Statement of Business Principles' conflict of interest provision. Viewing the evidence presented, in a light most favorable to Zohrob, she has failed to show that there is a genuine issue of material fact relative to whether AHL's asserted reason for her termination was a pretext. Contrary to her arguments, there was no evidence that AHL was motivated by a desire to retaliate, or that a plan had been orchestrated to have her violate her duty to report a conflict of interest.

We therefore conclude that the trial court properly granted summary disposition in favor of AHL on Zohrob's retaliatory discharge claim because she cannot establish that AHL's reason for terminating her was a mere pretext.

V. Imputed Knowledge

We also reject Zohrob's reliance on the principles of imputed knowledge to raise issue of material fact. This issue is not properly before this Court because Zohrob failed to raise it below. *Community Nat'l Bank, supra*. In any event, a corporation is "merely a legal fiction acting through its officers and agents." *Gordon Sel-Way, Inc v Spence Bros, Inc*, 177 Mich App 116, 123-124; 440 NW2d 907 (1989), aff'd in part, rev'd in part, and remanded 438 Mich 488; 475 NW2d 704 (1991). The law will impute the knowledge of individual officers and employees at a certain level of responsibility to the corporation. *Id.* at 124. Likewise, the combined knowledge of employees may be imputed to a corporation. *Id.* In this case, however, Zohrob's duty of disclosure was not based on imputed knowledge, but required her to take affirmative steps to provide actual notice as provided in Household's Statement of Business Principles. This argument is, therefore, misplaced.

Affirmed. Counter defendant being the prevailing party, it may tax costs pursuant to MCR 7.219.

/s/ Harold Hood

/s/ Roman S. Gribbs

/s/ Thomas S. Eveland

¹ On July 18, 1995, the Zohrobs and IS&S filed an appeal as of right to this Court from the March 1, 1995, order of partial summary disposition. On November 9, 1995, this Court dismissed the appeal as to Milad Zohrob and IS&S because they were not aggrieved parties. Although the March 1, 1995, order did not dispose of all claims in the case, the appeal is now before this Court as of right pursuant to MCR 2.604. On November 5, 1996, this Court denied the motions for preemptory reversal and an expansion of the record, which had been filed by Zohrob.