

Nonprofit Clubs: What Could Go Wrong?

A member and former director of a racquet club purportedly convinced a club employee to invest in property in England. The employee committed substantially to the investment, after which, the investment lost all of its value. The plaintiff employee maintained that the soliciting member was acting in his capacity as a Board Member and the other Board Members knew or should have known that inappropriate and fraudulent solicitations were taking place. The matter settled for **\$15,000**, with an additional **\$22,000** in defense costs.

A fraternal organization was sued by a pro se plaintiff who was investigating conspiracy of corruption involving prominent politicians and supporters. The board of the organization, along with many other prominent individuals and entities in the area, was sued for conspiracy and deprivation of civil rights. The case settled early for **\$9,345**, with an additional **\$21,800** in defense costs.

The EEOC charged a small nonprofit organization with alleged racial discrimination. The claimant alleged he was denied a position as assistant manager based upon his race. Although the EEOC issued a no reasonable cause determination, the claimant filed suit. The matter resolved three weeks before trial for **\$32,500** and cost **\$63,000** in defense.

A claimant was one of two employees who made allegations of sexual harassment against the Executive Director of a social club. The insured investigated, found the harassment likely occurred, and discharged the Executive Director. Shortly thereafter, the employee's position was eliminated and the employee was terminated as a result. The claimant filed a charge with the EEOC. Parties mediated early and the matter settled for **\$30,000**. The Directors' & Officers' policy also paid **\$12,650** in costs of defense after a sharing arrangement was reached with the general liability carrier.

A third party filed suit against a cultural club for alleged fraud, breach of contract and quantum meruit that involved an alleged failure to pay a commission. After extensive discovery, the matter settled for **\$32,500**, with an additional **\$139,400** in defense costs.

*Rating affirmed March 20, 2015

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