

Ousted Barnes & Noble CEO Accuses Company of 'False' Press Release

A wrongful termination suit filed in Manhattan federal district court tees up issues about how much information companies reveal to the public when an executive is fired. Barnes & Noble, responding to the suit, said former CEO Demos Parneros was terminated for sexual misconduct.

By **Erin Mulvaney** | August 29, 2018 at 01:55 PM



Barnes & Noble Inc. store in Manhattan. Photo: Eric Thayer/Bloomberg

In the wake of the ouster of Barnes & Noble's chief executive this summer, the retail giant sent out a [press release](#) announcing that Demos Parneros, who'd led the company since last year, was terminated for "violations of the company's policies." Parneros would receive no severance. A search would begin for a new CEO, the company said.

Many national news stories at the time raised questions about the reasons for the firing, and some noted the swift dismissal came amid the #MeToo reckoning that has confronted sexual misconduct at major companies. Barnes & Noble would only say at the time that Parneros was not fired “due to any disagreement with the company regarding its financial reporting, policies or practices or any potential fraud relating thereto.”

Parneros on Tuesday sued Barnes & Noble in Manhattan federal district court for alleged wrongful termination, and [he is accusing](#) the company of issuing a “false” news release. His complaint, filed by lawyers from New York’s Vladeck, Raskin & Clark, alleged defamation and breach of contract.

The suit, and Barnes & Noble’s response, provide greater detail about what transpired—and the case highlights an issue companies across the country are facing now: how much information should be released about why an executive has been terminated. Companies are balancing manifold issues, including liability, the potential for defamation and possible litigation, as well as public relations. Companies faced with these decisions—how much to say publicly—have taken different tactics, with some being vague while others provide some detail of the alleged violation.

Responding to the Parneros suit, the Barnes & Noble board said Parneros was “terminated for sexual harassment, bullying behavior and other violations of company policies,” [according](#) to media reports.

Debra Raskin and Anne Clark of Vladeck Raskin represent Parneros. The firm declined to comment. Senior partner Daniel Kramer at [Paul, Weiss, Rifkind, Wharton & Garrison](#) is counsel to Barnes & Noble. Kramer and the company did not immediately respond to requests for comment.

Lawyers for Parneros claim Barnes & Noble “issued a press release that falsely stated that Parneros had violated company policy and did so in language and in a manner that defendant knew full well was false but would be read as reporting that Parneros had engaged in serious sexual misconduct.”

Parneros denies committing any sexual misconduct. He also claimed in the suit that the human resources department “had not been involved and had been kept out of any investigation of purported wrongdoing.”

The lawsuit filed by Parneros provides his account of the firing. Parneros alleged that he was fired not for a policy violation but, rather, for a deal that fell through earlier in the year. He described an alleged incident of sexual harassment involving an executive assistant as “simply an innocuous, less than five-minute conversation about vacationing in Quebec.” His lawsuit said that “any issue with that executive assistant had been positively resolved.”

Parneros claimed the Barnes & Noble press release “falsely and irrevocably damaged” his reputation.

“A headhunter with whom Parneros spoke after his dismissal told him that he was ‘unhirable.’ Another search firm executive told him that his career was ‘essentially over’ given the announcement,” according to his complaint.

What to say, and when to say it.

The new case highlights an ever more persistent issue at corporations in recent months—that is, what should a company say when an executive is fired?

Executives accused of sexual harassment have been ousted, investigations have been launched and companies have been re-examining training and internal processes to curb problematic behaviors. Employee advocates and management-side lawyers are grappling with best procedures, to minimize future bad conduct and to ensure complaints are handled properly, especially those that go public.

“The inclination both culturally and legally for companies was historically not to publicize reasons for employees or executives leaving the company,” Jay Holland, chairman of Joseph Greenwald & Laake’s labor and employment practice, [said in an interview earlier this year](#). “Culturally, companies want HR practices to stay within the company. Legally, they don’t want to be skewed by former employees that they were defamed.”

Holland predicted in January that there would be more examples of companies providing clarifications about personnel decisions. He said in the interview then: “There are a host of reasons why individuals leave their work. The vast majority of the time it has nothing to do with harassment. It’s not necessarily fair to the employer or employee for speculation to be out there, if it’s true or if it’s not.”

[Fisher Phillips](#) partner Jennifer Sandberg said companies generally don’t offer up public announcements about why a particular employee was let go. “That’s not really good for anybody,” she said.

Still, Sandberg said in some instances there are reasons a company will make a public announcement, either internally or externally.

“A company’s message should be consistent. That doesn’t mean it evolves over time,” Sandberg said. She advises her clients to be as “vanilla” as possible whenever announcing a termination.

The corporate approach concerning what to say and to whom should not be any different now in the #MeToo era, said Leigh Goddard, partner and co-chair of the employment practice at McDonald Carano. Employment lawyers have long grappled with workplace misconduct issues.

“In any announcement, the company needs to be careful about what it says,” she said. The Barnes & Noble announcement, she said, raises “a lesson for private companies, in terms of disclosures. People are quick to jump to sexual harassment because of high profile terminations. They need to be cognizant of how the message can be interpreted.”

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