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## Raydon, Ex-Worker Reach Deal In Suit Over \$60.5M ESOP Buy

By **Danielle Nichole Smith**

Law360 (July 21, 2020, 4:53 PM EDT) -- Raydon Corp. and Lubbock National Bank have agreed to settle an ERISA class action claiming the defense contractor's current and former workers were ripped off when their employee stock ownership plan purchased \$60.5 million in company stock.

The parties notified the court Monday that they reached an agreement on monetary and non-monetary settlement terms in the Employee Retirement Income Security Act suit over the Raydon Corp. Employee Stock Ownership Plan's purchase of 100% of the company's stock in a 2015 transaction overseen by Lubbock.

"With the approval of their clients, class counsel and defendants' counsel have executed settlement term sheets, which will be formalized into a settlement agreement to be presented for approval to the court," the notice said.

Raydon, Lubbock and the workers also asked the court to stay the case while they seek approval for the settlement. The details of the agreement aren't yet public.

Stephanie Woznicki brought the suit in December 2018, claiming that Raydon, two of its executives, the committee that oversaw its employee stock ownership plan and Lubbock — which acted as the plan's trustee — sold 100% of Raydon's stock to the plan at an **inflated price**.

The stock was valued at \$5.1 million in 2015 and then at \$4.5 million just two years later, Woznicki claimed, arguing that the stock was overvalued in the first place and that Lubbock should have stopped the sale.

Raydon and Lubbock both attempted to have the suit tossed, but a federal judge largely denied the motions in November, **trimming just one claim** from the case.

In August, the defendants urged the court not to certify a class in the case, contending that Woznicki's "level of **personal animus**" and "motivation by spite" warranted denying her request.

The companies said that "without a doubt" Woznicki wasn't an adequate class representative, one of the requirements for certification under Rule 23 of the Federal Rules of Civil Procedure.

But U.S. Magistrate Judge Thomas B. Smith wasn't persuaded and recommended in February that Woznicki be allowed to **lead the class** of an estimated more than 200 plan participants.

The judge pointed to a Ninth Circuit decision that said that the "vengeance of an aggrieved person more often engenders the zealous prosecution essential to a class action than the over-zealous prosecution which may threaten to strangle a class action."

In March, U.S. District Judge Wendy W. Berger's **adopted** the magistrate judge's recommendations. And in May, the class won its bid to get Lubbock to **hand over certain information**, such as the bank's document retention policies.

Counsel for Lubbock declined to comment Tuesday. Counsel for the remaining parties didn't respond

Tuesday to requests for comment.

Woznicki is represented by Sam J. Smith and Loren B. Donnell of Burr & Smith LLP, Daniel Feinberg of Feinberg Jackson Worthman & Wasow LLP, and R. Joseph Barton and Colin M. Downes of Block & Leviton LLP.

Lubbock is represented by Kamal Sleiman, Michael Garrett Austin, Joseph M. Wasserkrug, Theodore M. Becker and Richard J. Pearl of McDermott Will & Emery LLP.

Raydon, CEO Donald K. Ariel, Chief Operating Officer David P. Donovan and the committee that oversaw the company's employee stock ownership plan are represented by Alicia M. Chiu, Ashley B. Abel, Cashida N. Okeke and Kenneth C. Weafer of Jackson Lewis PC.

The case is Woznicki v. Raydon Corp. et al., case number 6:18-cv-02090, in the U.S. District Court for the Middle District of Florida.

--Additional reporting by Adam Lidgett and Emily Brill. Editing by Adam LoBelia.

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