COA Opinion: Former shareholders of a law firm had standing to bring claim of age discrimination under the CRA and were not required to arbitrate claim.

15. September 2011 By Kristina Araya

In *Hall v Stark Reagan, PC*, No 294647, the Court of Appeals considered two issues arising out of an age discrimination claim brought by two former shareholders of the law firm Stark Reagan, PC. The former shareholders alleged that the law firm redeemed their stock and terminated their employment in order to "change the demographics of the firm" and bring in two younger attorneys.

First, the Court of Appeals held that the arbitration clause contained in the shareholder agreement did not require arbitration of the former shareholder's age discrimination claim because the claim was not related to the shareholder agreement. The Court acknowledged that federal law requires a presumption of arbitration, but noted that in this case the language of the clause limited the scope of the arbitration clause to "any dispute regarding interpretation or enforcement of any of the parties' rights or obligations" under the agreement. The Court concluded that the former shareholders' civil rights action was not within the scope of the arbitration clause because the arbitration clause was unambiguously limited to actions arising out of the entitlements and responsibilities of stock ownership.

Second, the Court of Appeals rejected the defendants' argument that the former shareholders lacked standing to bring a claim under the Civil Rights Act (CRA). The defendants claimed that the former shareholders were not "employees" of the law firm and only "employees" may bring suit under the CRA. The CRA prohibits employers from discriminating "against an individual with respect to employment, compensation, or a term, condition, or privilege of employment because of . . . age." The Court found that the law firm was an employer for the purpose of the statute, and that the defendants did not deny that the redemption of stock and termination of employment involved "a term, condition, or privilege" of the former shareholders' employment. The Court concluded that even if the

former shareholders could not be characterized as “employees,” their pleadings still stated a claim under the CRA.

Judge Kelly authored a dissent, and would order the case to proceed to arbitration.