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Date: August 13, 2008

To: ACBL Executive Committee Members

CC: Jay Baum

From: Peter Rank, Esq.
League Counsel

RE: *Maloney-Rafaie v. ACBL et al*

Litigation counsel for the ACBL in the above matter (see Attachment A) recommends that we accept the plaintiff's settlement offer of a "walk-away." In such a settlement, plaintiff will dismiss his suit "with prejudice" so that this matter may never again be brought up in court. I concur with this recommendation. This will eliminate the possibility of a judgment against the League and eliminate further cost, time and effort.

I recommended to Jay that this offer be subject to the approved by the Executive Committee because the offer is contingent on the League waiving implementation of Code of Disciplinary Regulations Sections 3.10, 3.4.4 and 3.4.5 (see Attachment B). Without such waiver the League could discipline the plaintiff if she lost the action. She is a Life Master and evidently earns some income from bridge. There is little doubt in my mind that the existence of these sections has encouraged her to drop her lawsuit against the League.

ATTACHMENT A

Elizabeth Maloney-Rafaie v. Bridge at Schools, Inc., American Contract Bridge League, American Contract Bridge League Educational Foundation, Barbara Heller, Nadine Wood, Charity Sack and Joan Gerard

FACTS On December 28, 2005, Ms. Maloney-Rafaie filed a complaint in the Delaware Superior Court alleging breach of her employment agreement by her employer, Bridge at Schools. The League is not a party to the employment agreement. However, Plaintiff alleges that the League was the alter ego of Bridge at Schools, despite the fact that the League had no legal relationship to or control of Bridge at Schools. The Educational Foundation is also alleged to be the alter ego of Bridge at Schools, and the individual defendants are alleged to have improperly induced Bridge at Schools to breach the employment agreement. The League's insurance carrier has agreed to cover legal costs and has appointed legal counsel. The League was served in this matter.

The League's insurance counsel is determining if the service was proper and timely under relevant law. Appointed counsel was preparing to answer by means of a Motion to Dismiss based on improper service and statute of limitations when the matter was transferred to the Delaware Court of Chancery upon motion of another defendant. As soon as the Court of Chancery accepts the case the League's Motion to Dismiss will be filed.

FACTS League Counsel has filed the Motion to Dismiss in the Chancery Court and is waiting for the Court to set a date for oral argument.

