

LAWSUIT

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portion of the \$17,000 he spent entertaining customers at topless bars and other establishments last year.

But when Priest, an account manager for the Markham, Ontario-based seat and interiors maker, filed his expense report, court records show he substituted false names for the GM employees — at the employees' request.

Beno's lawsuit names Magna and its affiliates as defendants and alleges that male Magna employees and managers routinely grabbed, patted and verbally harassed Beno and other women in the Haggerty Road office.

Women were called names such as "ice princess," "kumquat" and "cupcake," according to testimony, creating an office atmosphere that one woman described as emotionally distressful. Women testified the fax machine was placed on a high shelf that required women clad in dresses to stand on a stool to fax documents.

Timothy Howlett, Magna's attorney, said he would "not comment on a case that's in litigation."

One male employee, Raymond Iavasile, is accused of putting his hands in women's breast pockets and pants pockets, snapping a female co-worker's bra, frequently putting his arm around them and "pawing" one woman at a company Christmas party. In a deposition, Iavasile denied the allegations. On Friday, he said, "Those are all lies."

The male behavior worsened, according to the suit and testimony from three other women, after the men, sometimes drunk, returned from long lunches with customers at topless clubs. A second former Magna employee, Judith Copeland, also has filed a sexual discrimination suit, charging that her boss, Michael Stefani, demanded that she have sex with him. When she refused, the suit says, her performance rating was downgraded until she was fired.

Expense discrepancies

Beno's suit also alleges that male account managers submitted expense reports that often exceeded \$1,000 a week — Priest spent more than \$28,000 entertaining customers last year, records show — while Beno, for example, was denied reimbursement for \$70 in ice pageant tickets.

Offering evidence from personnel files and other testimony, Beno's suit contends Magna reimbursed its managers for, in some cases, fictitious expenses, effectively increasing their compensation.

Magna "gave male employees far greater discretion in their use of expenses and further approved the excessive use of these 'so-called perks,' which were denied to" Beno, her attorney wrote in court documents.

However, documents show one manager was reprimanded by Magna in 1993 for filing falsified expense reports. And a Magna finance executive testified that she asked employees to document that expenditures were, in fact, made on customers.

A portion of the Beno case is under protective order by Judge John W. Callahan, who has barred Beno's attorneys — Wendy K. Turner and Thomas McLeod — from conducting additional interviews of Big Three employees whose names appear on the expense reports.

In a letter, Turner said: "In the event we are able to have these restrictions lifted prior to trial, we will not object to Ms. Beno making a statement. We are confident that we will prevail on all claims when the evidence, including Ms. Beno's testimony, is presented to a jury."

Apparent ethics violations

Copies of expense reports and credit card receipts filed with the lawsuit paint a picture of Magna account managers and their superiors routinely entertaining Big Three engineering, purchasing and quality staffers at topless clubs, plush restaurants and top-shelf golf weekends — in apparent violation of the automakers' ethics codes.

The Magna managers testified that they sometimes then submitted false or coded names on expense reports to shield customers from embarrassing disclosures that could lead to dismissal from their jobs at the automakers.

"Many people within General Motors, (and) I'm sure Ford and Chrysler, request that you do not have their name ... appear on an expense report," Priest said in court documents examined by The Detroit News. "That leaves them open, I guess, to some questioning by their own legal staff. On an individual basis, people request that their name does not show up on an expense report."

The reason: Ethics policies of GM, for example, bar employees from receiving meals, entertainment or gifts from suppliers — no exceptions. And the policies of Chrysler and Ford Motor Co. sharply limit the value and frequency of entertainment that their

employees may take from suppliers.

Still, court documents reveal a Magna culture that encouraged entertainment of all kinds for customers, including meals, drinks, gifts, topless clubs, concerts, golf and sporting events.

Courting 'decision makers'

Kevin Alder, a former Magna vice-president of sales who now is president of Cambridge Industries Inc. in Madison Heights, said in court documents that Magna management encouraged entertainment of specific customers, such as purchasing directors and managers.

"We needed to get to the people that were the decision makers," Alder testified. Entertaining lower echelon purchasing staffers "helped us to understand what we had to do to meet the customer's objectives, but if you had to set a priority, you needed ... to get the higher people."

Iavasile, a Magna executive account manager responsible for some Chrysler programs, testified that he took customers to topless clubs "as often as they wanted to go," generally on a weekly basis, and paid for customers to receive private topless dances "upstairs."

For \$20 per song, dancers with names such as "Peachez" and "Sweet Jane," topless and clad in thong panties, urge customers to sit back in black overstuffed chairs while they bump, grind and gyrate within millimeters of customers' faces. For \$10, a more sedate version can be had tableside.

Iavasile also entertained customers in Las Vegas, where he said he paid for "dinners, lunches, shows (and in) some cases ... their hotel rooms, car rentals, taxis, valets." He said he bought sweaters, sleepwear and pens worth \$85 each for Chrysler managers. In one case, he bought a \$280 porcelain figurine for the wedding of a Chrysler executive's daughter.

always been rather sensitive to having their names — or just to have entertainment period," Priest testified. "People like to do it, they like to be entertained, but ... just in case something comes up, such as this, they don't want their names to be out there."

Big money for Big Three

It wasn't unusual for Magna managers to spend as much as \$600 per day entertaining Big Three managers, receipts filed in court papers show. In February 1995, for example, David Wojie, an executive director in Magna's interior systems group, spent nearly \$2,100 entertaining key GM engineers at Trumpps.

The next month, Wojie spent \$6,437.20 on a golf weekend in Arizona entertaining four GM engineers, court records show. Expenses included shirts, shorts, golf balls, accommodations, meals and drinks for his guests. The GM supplier entertainment policy in force at that time prohibited "any representative" of GM "from accepting gifts, payments or accommodations from anyone with whom the corporation ... does business."

In 1994 and the first half of 1995, Wojie spent \$84,852 entertaining customers, according to testimony.

The Magna managers also provided customers with tickets to sporting events, picked up golf lessons for Chrysler managers, bought souvenir athletic wear such as Red Wings jackets, golf balls and sportswear for GM employees and entertained Ford managers at topless clubs.

Big Three officials, when told of the documented allegations detailed in Beno's case, vowed to investigate and expressed concern that employees appear to be skirting toughened ethics codes. Worse, they worry that the specter of decision makers frequenting topless clubs could alienate women car and truck buyers.

Women account for half of all cars and trucks sold by GM. They buy 30 percent of Chrysler's trucks and 50 percent of its new cars. And a new report cites Ford research that says women influence 80 percent of all new vehicle purchases.

"It is not copacetic to go to strip bars to conduct business meetings or have celebrations," said Pam Kueber, a Ford spokeswoman. "That's an inappropriate place to go, even Dutch treat."

"If the allegations are true, it would definitely involve disciplinary action," a Chrysler spokesman said when told of the information revealed in the Beno case. "That would fall outside the lines" of Chrysler's ethics policies.

In a deposition, a portion of which was filed with the court, Iavasile said he "spent over \$1,000 a week" entertaining customers, including buying raffle tickets for clients who were expected to keep any winnings that might come their way. Iavasile also acknowledged in court records that he sometimes added names to his expense reports "to make myself look good."

Use of false names

Priest testified that the practice of booking false customer names on Magna expense reports "is something that has been ongoing since I started calling on GM and not something that just came up in 1995."

But the use of false names appears to have intensified after GM instituted its zero-tolerance entertainment policy last May, records show.

According to court documents, GM's truck group has no record of employing 12 men in 1996 whose names appeared on Priest's expense reports, which were examined and copied last February by Beno and her attorney with the approval of Magna's lawyer.

Asked in a deposition if he knows the real identity of two alleged GM employees on whom he spent \$419.23 at Trumpps last Oct. 21, Priest said: "No, I do not."

"For many divisions at General Motors, particularly Truck, they have

Tough policies stress resolve of carmakers

By Daniel Howes
The Detroit News

The Big Three automakers say they are deadly serious about their toughened ethics codes. General Motors Corp., Ford Motor Co. and Chrysler Corp. have crafted policies designed to stamp out the pricey gifts, golf course deals, lavish entertainment and big spending long associated with an industry dominated by men.

GM's new zero-tolerance policy, effective May 1, 1996, was designed to ensure GM employees conduct "business on the basis of the superior value of the goods and services we buy and those we sell," Chairman John F. Smith Jr. said in a letter introducing the policy.

"Remember, the consequences of violating this policy may be quite severe for the individual and for General Motors," he said.

GM's policy bars all employees from accepting "any gift, entertainment or other gratuity from any supplier. We should avoid doing anything that suggests our purchase decisions

may be influenced by any irrelevant or improper consideration."

Chrysler's "Code of Ethical Behavior" says business meals as a guest of the same supplier should not occur more than once a month and, overall, employees should not have a business meal more than once a week.

Attendance at sporting events, restaurants, bars and shows as a guest of the same supplier is allowable twice a year, Chrysler's policy says. Travel and overnight accommodations paid by a supplier are not allowed. Each employee must keep records for three years of all lunches, dinners and entertainment paid for by suppliers.

Ford employees may accept one meal per quarter from any one supplier and should limit meals with all suppliers to no more than one a week. The employees may accept two entertainment events per year from a supplier and one golf outing.

A key test, a Ford spokeswoman said, is: "Could your conduct withstand public scrutiny?"

Topless clubs say auto crowd still favored clientele

By George Hunter
and Daniel Howes
The Detroit News

The days of auto suppliers hosting Big Three managers at Metro Detroit topless clubs aren't dead, experts say, despite the automakers' tough ethics codes and the growing influence of women in the workplace.

Adult clubs in Dearborn are full of salesmen wooing Ford Motor Co. executives, said the manager of Cafe Chablis on Michigan, just two miles east of the Glass House.

"This is Ford country," said Mike Troutman, the manager of Chablis, a topless club. "We don't get as many auto people as we used to — but we still get a lot of them."

A seemingly routine sexual discrimination lawsuit in Wayne County Circuit Court, detailed today in *The Detroit News*, shows managers at one supplier lavishly entertained dozens of midlevel Big Three auto executives at topless clubs, weekend golf outings and sporting events.

Managers of Magna International Inc., a Markham, Ontario-based auto supplier with offices in Livonia, spent as much as \$1,000 a week entertaining Big Three engineering, purchasing and quality staffers at topless clubs in Metro Detroit, court records show.

But marketing executives at other suppliers say they seldom take customers to topless clubs.

"Our policy does not say you cannot take someone to a strip bar," said Jeff Steiner, a spokesman for Johnson Controls Inc., a Plymouth-based seat and interiors maker. "(But) you can't do anything that's a violation of (our customers') policies." Such violations, he said, include spending thousands entertaining customers at topless clubs.

Jonn Schnider, manager of a manufacturing consulting firm that does business with the Big Three, insists most auto executives find strip bars passe. But there are people in the industry who still enjoy doing business in the company of scantily clad women.

"It still goes on, though not nearly as much as it used to," he said. "Occasionally, one of our salesmen will do it if he thinks it'll help seal the deal."

A 1995 survey by Sales & Marketing Management magazine showed that 49 percent of the male sales managers polled have entertained clients in topless bars. Few of them said they had serious ethical qualms about doing so.

But Schnider said most auto executives aren't impressed by flesh anymore.

"Ten years ago, everybody was going to the strip bars," he said. "It was practically a way of life. But now you have a bunch of baby boomers in the decision-making positions. As you get older, you have more to talk about than the size of someone's breasts."

"But there are some guys who go all the time. People in the industry know who they are."

Female sales executives said the use of topless clubs to entertain clients remains too prevalent in the auto industry.

"The place I used to work at was disgusting," said one female executive with 20 years in the industry. "The guys at the office used to get together and rent a golf course. They'd bring in the girls from one of the local strip clubs as hostesses."

"The women disrobed right on the golf course. This was actually sponsored by the company. It was sickening."

Linda Foster, a Detroit lawyer specializing in labor law, said executives who introduce adult entertainment into business relationships invite pos-

sible sexual discrimination suits, much like the one Lorrie Beno — a former sales representative for Magna — filed against her former employer.

"If you're doing business in a strip club, that's effectively denying women the opportunity to participate," Foster said. "The argument's the same as the lawsuits that have been filed by women against men's country clubs."

Only three of the 66 saleswomen who responded to the Sales & Marketing Management survey said they had ever gone to a strip club on a sales outing, and 57 percent of the women polled agreed such meetings by men put women at a distinct disadvantage.

"Usually there are two or three guys who come in all the time, and they'll bring a new person in with them," Troutman said. "I know how the game works. My dad used to work for General Motors, and clients took him out all the time. That's just the way business is done."

Jamie Brown, a waitress at the Wild Mustang on Ford Road in Dearborn, said auto executives are favored customers among the dancers.

"We still get our share of Ford people who come in," she said. "They spend a lot of money, and they buy a lot of table dances. Everybody is more free with their money when they're drinking — especially when they're on a company expense account."

At \$10 per table dance, the bill can add up quickly.

"The highest bill I've ever seen was for \$1,700," Brown said. "I've had several bills over \$1,000."

Two years ago, the Wild Mustang erected freeway billboards that read, "Come see the Mustang Lee never dreamed about," referring to former Chrysler Corp. Chairman Lee Iacocca, considered the father of the Ford Mustang when he was with that company.

Wild Mustang owner Robert Katzman said he's not actively trying to attract automotive executives.

"It angers the auto industry," he said. "They don't want that kind of focus anymore. And we don't want to attract people from just the auto industry — we're trying to get a wide variety of people in here."

But Troutman said the competition among Dearborn strip bars to attract local businessmen is still fierce.

"Everybody wants those customers," he said. "They're the ones with all the money."

Most topless bars go out of their way to make their clubs comfortable for businessmen:

■ At Trumpps, on Eight Mile in Detroit, two of three television sets stay tuned to CNBC's Business Week program during lunch hour, with stock tickers running along the bottom of the screen. The other television is tuned to ESPN.

■ Trumpps has a shoeshine stand in the bathroom, an ad inviting patrons to order concert tickets from a special service and applications for American Express Gold Cards.

■ Most topless clubs offer discreet credit card billing, making it difficult for companies to decipher expense account charges. At the Wild Mustang, the credit card imprint reads "Bohered." At Trumpps, receipts are stamped "Almark Inc."

"Suppliers have been wining and dining purchasing agents for decades," said Rick Salas, general manager of BT's in Dearborn. "So we go out of our way to make sure this is a comfortable place for them to do business. Does it work? It must because they keep doing it."

Women working at Magna International Inc.'s Livonia office tell stories of widespread harassment, foul language and inappropriate touching that worsened after male colleagues returned from long lunches entertaining Big Three customers at Metro Detroit topless clubs. One woman's account of the alleged office environment is taken from depositions.

Q: Did you see Mr. (Raymond) lavasile as being affectionate, in other words putting hands on people's waist and kissing the back of the neck of people?
A: The hands, yes. I don't remember him kissing on the back of the neck.
Q: Did you ever feel threatened that if you spoke against this conduct you

might lose your job?
A: Yes.
Q: Did Mr. (David) Wojie ever indicate to you either, quote, do it this way or he will make it tough on you?
A: Yes.
Q: Did Mr. lavasile ever make similar

quotes such as either do it my way or I'll make it tough on you?
A: Similar.
Q: Do you remember what he said?
A: Yes.
Q: What was it?
A: I'll have your job for this.

Women say the harassment worsened after men in the office, including some managers, returned from long outings to strip clubs with customers. Male Magna employees have testified that they routinely entertained Big Three customers, sometimes spending more than \$1,000 in a single day or \$6,000 for a weekend golf outing. Trumpp's, a topless club on Eight Mile in Detroit, was popular with Magna employees and their Big Three customers. Records show that Magna executives such as lavasile spent more than \$1,000 per week entertaining customers at topless clubs. Wojie, an executive director of sales, defined the term "entertainment" in a deposition.

Q: Does your definition of entertainment include taking them out to lunch?
A: Yes.
Q: Does your form or definition of entertainment involve taking them on golf outings?
A: Yes.
Q: Does your definition of entertain-

ment involve going to topless bars?
A: If the customer would like that.
Q: Does your definition of entertainment also involve going to concerts?
A: Yes.
Q: Does your definition of entertainment also include gift giving?
A: Yes.

lavasile also testified about the entertainment of Big Three customers in a deposition.

Q: How often would you entertain customers at topless bars?
A: As often as they wanted to go.
Q: And that would be on a weekly basis?

A: Yes.
Q: Would you consume alcohol when you would go to these topless bars with these customers?
A: Yes.
Q: Did you ever buy raffle tickets for your customers?
A: Oh, yeah.
Q: If the raffle ticket wins, who keeps the prize?
A: The customer. I never keep a raffle ticket for myself.
Q: Did you entertain customers in Las Vegas?
A: Yes, I did. Yes, I do.
Q: What kind of entertainment do you do in Las Vegas?
A: Dinners, lunches, shows, (and in) some cases pay for their hotel rooms, car rentals, taxis, valets.

Master Account Number
04/94, THRU 04/95 86

DAVID J WOJIE

Cardmember Copy

Approved Code 20 EXPIRATION DATE CHECKED

Check or Bill Number 030295 Date of Charge 14/97

Amount of Delayed Chg. 287.50

Revised Total 287.50

Merchandise/Services 287.50

TAXES 0.00

TIPS/MISC 15.00

TOTAL 287.50

Dollars Cents

PLEASE WRITE FIRMLY

Cardmember Signature 691447

Merchant Signature

AMERICAN EXPRESS Cards

Invoice Number 3211034277

Merchandise and/or service purchased on this card shall not be paid or returned for cash refund. Establishment agrees to transmit to American Express Travel Related Services Co., Inc. or authorized representative for payment.

David Wojie's credit cards receipts that were used in the deposition.

Master Account Number
04/94, THRU 04/95 89

DAVID J WOJIE

Cardmember Copy

Approved Code 20 EXPIRATION DATE CHECKED

Check or Bill Number 030295 Date of Charge 14/97

Amount of Delayed Chg. 287.50

Revised Total 287.50

Merchandise/Services 287.50

TAXES 0.00

TIPS/MISC 15.00

TOTAL 287.50

Dollars Cents

PLEASE WRITE FIRMLY

Cardmember Signature

Merchant Signature

AMERICAN EXPRESS Cards

Invoice Number 691387

Merchandise and/or service purchased on this card shall not be paid or returned for cash refund. Establishment agrees to transmit to American Express Travel Related Services Co., Inc. or authorized representative for payment.

