

CASE FILE: Henderson v. Blackwood Industries

CONFIDENTIAL CASE FILE

Case Name: Henderson v. Blackwood Industries, Inc.

Case Number: 2022-CV-04521

Court: United States District Court, Southern District of New York

Filed: June 8, 2022

Client: Robert Henderson

Matter ID: HEN-2022-0608

CASE SUMMARY

Plaintiff Robert Henderson ("Henderson") brings this action against Blackwood Industries, Inc. ("Blackwood") for wrongful termination, breach of employment contract, and violation of the Sarbanes-Oxley Act whistleblower protection provisions, 18 U.S.C. § 1514A.

FACTS

Henderson was employed by Blackwood as Vice President of Finance from January 2018 until his termination on April 30, 2022. During Q4 2021, Henderson discovered what he reasonably believed to be securities fraud: Blackwood's CFO, Marcus Reeves, had directed the accounting team to improperly capitalize operating expenses, inflating reported earnings by approximately \$4.2 million.

Henderson reported his concerns internally to the Audit Committee on February 14, 2022. On March 1, 2022, he filed a complaint with the Securities and Exchange Commission. Sixty days later, on April 30, 2022, Blackwood terminated Henderson's employment, citing "restructuring."

LEGAL CLAIMS

Count I: Wrongful Termination in Violation of Sarbanes-Oxley Act (18 U.S.C. § 1514A)

- Henderson engaged in protected activity by reporting suspected securities violations
- The 60-day proximity between the SEC complaint and termination creates a strong inference of retaliatory intent
- Blackwood's stated reason (restructuring) is pretextual -- Henderson's position was subsequently filled by an internal candidate

Count II: Breach of Employment Contract

- Henderson's employment agreement dated January 5, 2018 contains a clause requiring "cause" for termination, defined in Section 4.2 as gross misconduct, conviction of a felony, or willful neglect of duties
- None of these conditions were met

- Henderson is entitled to 12 months severance pay per Section 7.1 of the agreement

Count III: Defamation

- Blackwood's general counsel stated to Henderson's subsequent prospective employer that Henderson was "terminated for financial irregularities" -- a false statement made with knowledge of its falsity or reckless disregard for the truth

DAMAGES

- Back pay: approximately \$340,000 (10 months at \$408,000 annual salary)
- Front pay: approximately \$816,000 (estimated 24 months to equivalent re-employment)
- Compensatory damages for emotional distress: TBD
- Punitive damages under SOX: up to \$250,000
- Attorneys' fees and costs

KEY DOCUMENTS

1. Employment Agreement (Jan 5, 2018) -- signed by Henderson and CEO Patricia Blackwood
2. Internal Audit Committee memo (Feb 14, 2022)
3. SEC whistleblower complaint (Mar 1, 2022) -- confidential
4. Termination letter (Apr 30, 2022)
5. Blackwood Q4 2021 financial statements (allegedly fraudulent)
6. Email chain between CFO Reeves and Accounting team (subpoenaed)

NEXT STEPS

- Discovery cutoff: December 1, 2022
- Depose CFO Marcus Reeves and CEO Patricia Blackwood
- Retain forensic accounting expert to quantify earnings manipulation
- File motion for summary judgment by January 15, 2023