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EEOC v. LA Weight Loss

Judge William D. Quarles Jr.

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EEOC v. LA Weight Loss

Keywords

EEOC, LA Weight Loss, WDQ-02-CV-648, Consent Decree, Disparate Impact, Retaliation, Hiring, Sex, Male, Service, Employment Law, Title VII

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			FILED U.S. DISTRICT COURT DISTRICT OF MARYLAND
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			CLERK'S OFFICE
EQUAL EMPLOYMENT OPP COMMISSION,	ORTUNITY))		EX
Plaintiff,)	Case No. WDQ-02-	-CV-648
v.)	CONSENT DECR	EE
LA WEIGHT LOSS,)		
Defendant.)		

INTRODUCTION

The U.S. Equal Employment Opportunity Commission ("Commission" or "EEOC") filed a nationwide pattern or practice lawsuit alleging unlawful gender discrimination and retaliation against Defendant LA Weight Loss Centers, Inc. in the U.S. District Court for the District of Maryland in Baltimore, Maryland on February 28, 2002. The lawsuit alleges that LA Weight Loss failed to hire men and that LA Weight Loss wrongfully terminated Kathy Koch, who worked for the company as an Area Corporate Trainer, when she protested the company's policy of not hiring men. Kathy Koch intervened in the lawsuit on July 15, 2002. Ms. Koch and Defendant resolved Ms. Koch's claims against Defendant and Ms. Koch dismissed her Complaint in Intervention on November 29, 2005. Defendant, a national chain of weight loss counseling centers, was renamed Pure Weight Loss, Inc. in early 2007.

In January 2008, Defendant discontinued its business operations. On January 11, 2008, Defendant filed a voluntary petition under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Pennsylvania (Case No. 08-10315-JKF), and in accordance with the Bankruptcy Code the appointed Chapter 7 Bankruptcy Trustee, Arthur P. Liebersohn (the "Trustee"), assumed authority to make decisions regarding defense and disposition of this litigation.

The EEOC, the Defendant, and the Trustee desire to resolve this action and all claims raised by the EEOC's Amended Complaint without the time and expenditure of contested litigation. Accordingly, the EEOC, the Defendant, and the Trustee recognize that settlement is the means of dispute resolution favored by Title VII and therefore have entered into this Consent Decree to resolve EEOC's allegations, to avoid the delay, costs and risks of further proceedings, and to promote and effectuate the purposes of Title VII. The Court, having examined the terms and provisions of the Consent Decree, finds that it is reasonable and just in accordance with the Federal Rules of Civil Procedure and Title VII. The entry of this Consent Decree will further the objectives of Title VII and will be in the best interests of the parties and those for whom the EEOC seeks relief.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED THAT:

I. DEFINITIONS

A. "Defendant" or "the Company" means (a) Pure Weight Loss, Inc.; (b) LA Weight Loss Centers, Inc.; and their predecessors, successors, assigns, agents, and entities in active concert.

B. "Commission" or "EEOC" is the U.S. Equal Employment Opportunity Commission, an agency of the United States Government.

C. Each "Reporting Period" shall be one year and shall commence as of January 1. The first Reporting Period shall cover the period from the date the business operations resume through December 31. The last annual report shall cover the period from January 1 through December 31.

D. A "Covered Applicant" is an individual not employed by the Company who completed and

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submitted the requisite employment application of the company, a resume directly to the company or via a third party from whom the Company obtained such resumes, or completed an electronic or on-line application with the company or a third party from whom the company obtained such applications and who was not selected.

E. The term "hire" or "hiring" refers to the filling of a job opening by an individual who is new to the Company.

F. "Eligible Claimants" refers to male persons who sought employment with Defendant during January 1, 1997 until entry of this Decree and who possess all objective, non-discriminatory qualifications for the position they sought.

G. "Hiring authority" refers to Defendant or third-party personnel who participate in selection decisions related to pre-screening of job applicants and/or hiring of job applicants.

H. "Trustee" refers to Arthur Liebersohn, Trustee of the Estate of Pure Weight Loss, Inc., 08-10315.

I. "Bankruptcy Matter" or "bankruptcy proceeding" refers to the bankruptcy case of Pure Weight Loss, Inc., 08-10315.

II. GENERAL PROVISIONS

A. This Decree constitutes full discharge and satisfaction of any claims which have been alleged in the Amended Complaint filed in this Title VII action by the EEOC based on the Determination of the charge of discrimination filed by Kathy Koch.

B. The non-monetary relief requirements of Sections III. C., IV. B., VI, VII and VIII are to be undertaken only in the event that Defendant or any successor resumes business operations during the term of this Decree.

C. The EEOC, the Defendant, and the Trustee shall bear their own costs, expenses, and attorney's fees incurred in connection with this action.

D. This Court shall retain jurisdiction to enforce the terms of this Decree and will have all available powers to enforce this Decree, including but not limited to monetary sanctions and injunctive relief.

E. Defendant shall give notice of the non-monetary relief requirements of Sections III. C., IV.B., VI, VII and VIII to any prospective purchaser. This Decree shall apply to all Defendant or successor business operations and facilities.

III. INJUNCTION AND NOTICE PROVISIONS

A. Defendant, its officers, agents, servants, employees, successors in interest and all persons acting or claiming to act in its behalf and interest will be, and hereby are, enjoined and restrained from engaging in any employment practice which discriminates against its job applicants and employees on the basis of sex, in violation of Title VII, including, but not limited to, rejecting qualified male applicants because of their sex or steering male applicants into sex-specific job classifications.

B. Defendant is hereby enjoined and restrained from discriminating against any of its employees or applicants for employment who oppose any practice made an unlawful employment practice by Title VII, or who make a charge, testify, assist, or participate in any manner in an investigation, proceeding, or hearing, under these statutes. Defendant is further enjoined and restrained from retaliating against any current applicant, former employee or other person because he or she made a charge, or participated, testified or assisted the Commission in any manner in this action or in the investigation of the employment discrimination charges resolved by this Decree.

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C. Within 60 days after Defendant or any successor resumes business operations, Defendant shall post copies of the Notice attached as Exhibit A in a conspicuous location at all of its facilities and at all places where employee notices are posted and applications are collected. The Notice shall be posted for a period of ten (10) years.

IV. DURATION OF DECREE AND NOTICE OF RESUMED BUSINESS OPERATIONS

A. This Decree shall become effective on the date of its entry by the Court. The Decree shall remain in effect until its expiration date, which shall be ten (10) years after Defendant or any successor resumes business operations. This provision does not in any way preclude the EEOC from filing an enforcement action for alleged noncompliance with the Decree or the Court from finding noncompliance with the Decree and ordering appropriate relief and sanctions.

B. Within 30 days of Defendant or any successor resuming business operations, they shall file written notice with this Court stating that fact. In addition, within the 30-day period, they shall also provide notice to the EEOC of that fact along with a report identifying all business locations, the number and sex of employees in each job position at each location, and the nature of business activity being conducted at each location.

V. MONETARY RELIEF

A. For Male Applicants as a Class

Defendant shall immediately pay \$20,000,000 in monetary relief provided, however, that during the pendency of the bankruptcy matter EEOC's efforts to collect these amounts from Defendant's estate must be pursued through the bankruptcy matter in accordance with the U.S. Bankruptcy Code. Of this amount, \$16,842,656 shall constitute back pay and the remaining \$3,157,344 shall constitute punitive damages for males who the EEOC has determined were

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subjected to hiring discrimination because of their sex during the period January 1, 1997 until the entry of this Decree. All monetary relief amounts not obtained by EEOC through the Pure Weight Loss, Inc. Chapter 7 bankruptcy proceeding shall be immediately due and payable by the Defendant (or any successor) into an interest-bearing escrow account for distribution to EEOC's male claimants in accordance with a claims process and eligibility criteria to be established by EEOC. All distributions of monetary relief to and among these persons will be determined solely by the EEOC. Defendant (and its successor or person authorized to act on its behalf) shall be responsible for making payment directly to male claimants designated by EEOC, in amounts designated by EEOC, within 14 days of receiving written notice from EEOC of the names of the claimants to be paid, their addresses, and the amounts to be paid to each claimant. EEOC shall be permitted to make such designations throughout the duration of this Decree. Delivery of payment shall be made by certified mail, return receipt.

B. This Decree shall not be construed to resolve the question of whether EEOC's claim in the
 Pure Weight Loss, Inc. Chapter 7 bankruptcy proceeding is entitled to priority under the Bankruptcy
 Code. Both EEOC and the Trustee reserve all rights regarding that issue.

VI. NUMERICAL HIRING GOALS AND ASSESSMENT

Immediately upon the Defendant or any successor resuming business operations, it shall implement the following provisions:

Numerical Hiring Goals: Each year during the term of this Decree, the Company shall make reasonably diligent, good faith efforts to fill at least 17% of its Counselor positions, 11% of its Medical Assistant positions, 22% of its Assistant Manager positions, 20% of its Manager positions, 32% of its Area Supervisor positions and 19% of all openings in all other positions not specified

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above with qualified male candidates either through hire or promotion. To the extent that Defendant's actual male applicant rates for any position exceed the aforementioned hiring goals for that position, Defendant shall be required to hire male applicants at the actual male applicant rate for that position.

B. Each year during the term of this Decree, the Company shall make every effort to genderintegrate its workforce by a) hiring qualified men into counselor positions; b) hiring qualified men into management, training and professional positions; and c) hiring qualified men into Medical Technologist/Assistant positions.

C. Applicant Tracking System: The Company shall adopt and maintain an electronic applicant tracking system which shall contain, for each person hired and for any other person who submitted to Company a resume, application, electronic expression of interest, or whom was otherwise considered by the Company to be a candidate for employment, at least the following information: (i) full name; (ii) position sought; (iii) date of application/candidacy; (iv) particular work location/job site sought and/or for which considered (if applicable); (v) referral source; (vi) sex; (vii) date of hire (if applicable); (viii) job title at time of hire (if applicable); (ix) work location/job site assigned (if applicable); (x) name(s) of Company personnel who made decision to hire or reject the candidate; and (xi) reason for non-selection (if applicable). Regarding sex information, the Company shall gather such information using means that are non-coercive and otherwise consistent with Title VII.

D. Goal Attainment Review: The Company shall conduct a quarterly review of its Numerical Hiring Goal attainment. At a minimum, such review shall be based on an analysis of data gathered pursuant to the Decree, any feedback regarding the Numerical Hiring Goals from its personnel, as well as any complaints, reports or allegations of discrimination or non-compliance with the Decree

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and investigations thereof. Subjects to be assessed during the review shall include at least the following: (i) the Company's progress in achieving the numerical hiring goals for male candidates set forth in this Decree; (ii) whether there are one or more particular work locations/job sites or hiring authorities who have failed to achieve the numerical hiring goals for male candidates set forth in the Decree; (iii) assessment of the reasons for any failure to achieve numerical hiring goals; (iv) determination of what steps are required to remedy any failure to achieve numerical hiring goals; and (v) general review of recruiting and hiring practices to determine if there are any deficiencies in either that require correction or any potential modifications that may further numerical hiring goal attainment and the purposes of the Decree. The Company shall prepare a Quarterly Review Report summarizing the results of such review.

E. In addition, on an annual basis the Company will conduct a review of appropriate data and documents to determine if there are any indicia of potential sex discrimination regarding the following employment practices: (i) hiring; (ii) promotions; (iii) compensation; and (iv) discharges and lay-offs. The Company shall maintain one or more data files reasonably calculated to facilitate such review.

F. When one or more particular work locations/job sites or hiring authorities has failed to achieve one or more numerical hiring goals for male candidates set forth in the Decree, the Company shall conduct a review of those work locations/job sites or hiring authorities to determine the reasons for non-achievement of the goal. For each such work location/job site or hiring authority such review shall include, at a minimum, the following: (i) comparison of applicant flow data to hiring data to determine whether a shortfall of male hires exists for that work location/job site or hiring authority; (ii) a determination of whether any shortfall of male hires in light of applicant flow data

is statistically significant or otherwise reflects a manifest imbalance; (iii) a review of records to assess whether any allegations of possible sex discrimination regarding the work locations/job sites or hiring authorities as well as the results of any investigations of possible sex discrimination have been made regarding the work locations/job sites or hiring authorities; (iv) interviews of the hiring authorities in question, as well as applicants as reasonably warranted; (v) a review of recruiting techniques and procedures (including but not limited to advertising) that were used to solicit candidates for that work location/job site; and (vi) where a determination has been made that any shortfall of male hires is statistically significant or otherwise reflects a manifest imbalance, audits of all hiring authorities in question to articulate their reasons for non-selection of all male candidates who were not hired and a review of the veracity of those reasons by comparison with female selectees and/or by other means reasonably necessary under the circumstances to assess

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veracity.

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G. Each year, Respondent shall select, at random, a number of hiring decisions not less than 5% of hiring decisions covered by this Decree and conduct an audit regarding those hiring decisions. The audit shall include a review of those hiring decisions to ensure non-discrimination, as well as compliance with Decree requirements, record-keeping requirements, and the Company's non-discriminatory hiring procedures and selection criteria. Such audits shall include review of records (including comparison of records of any persons not hired but considered for a particular position) and, where reasonably necessary after records review, discussion with the relevant hiring authority and job applicants.

H. Each six months during the term of this Decree, the Company shall report to EEOC the

following information pertaining to the six-month period immediately preceding the report: (i) a summary setting forth, separately for each facility, the total number of applicants for each position and, within each position, the total number of applicants of each sex; (ii) a summary setting forth, separately for each facility, the total number of new hires for each position and, within each position, the total number of new hires for each position and, within each position, the total number of new hires of each sex; (iii) a summary setting forth, separately for each facility, the total number of new hires for each position and, within each position, the total number of new hires of each sex; (iii) a summary setting forth, separately for each specific work location/job site, the number of employees of each sex whom were discharged and laid-off; (iv) a copy of the Quarterly Review Report for all quarterly reviews undertaken during the six-month period; and (v) if the Company has not achieved any numerical recruiting or hiring goal for one or more quarters, a detailed narrative explanation of the steps taken to assess why the goal was not met, the reasons that the Company believes it did not achieve the goal, the measures the Company intends to undertake to remedy its failure to achieve the goal, and the timetable for implementing those measures. In addition, on the last day of the term of this Decree, the Company shall submit one final report to the EEOC encompassing the final six-month period of its Decree implementation.

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I. In the event that the Company fails to attain any of the aforementioned numerical hiring goals, at its option EEOC may, upon 60 days prior written notice to Defendant, require the Company to retain the services of one or more qualified third-party experts selected by the EEOC to conduct a study of the Company's recruiting and hiring practices, determine the reasons for non-attainment of the numerical hiring goal(s), and make recommendations to facilitate the Company's attainment of the numerical hiring goal(s). The Company shall implement any such recommendations that are approved by the EEOC within 60 days of receiving written notice of such approval or, in the alternative, may petition the Court for relief from the recommendation(s). Regarding any such petition, the Company shall have the burden of demonstrating to the Court by preponderance of the

evidence that the recommendation(s) in question are unreasonable or will be ineffective. The Company shall bear the cost of such expert services. Should the cost of such services exceed \$500,000 cumulatively, the Company may petition the Court for relief from this provision.

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J. The Company will provide to EEOC, as soon as practicable upon demand by EEOC, any and all documents or data made or kept under the Decree. Notwithstanding the expiration of the other provisions of this Decree, for one (1) full year after the expiration of the term of this Decree the EEOC shall retain the right to obtain from the Company, as soon as practicable upon demand, all documents or data made or kept under the Decree.

VII. TARGETED HIRING MEASURES

Within 60 days of Defendant or any successor resuming business operations, Defendant shall implement the following policies designed to prevent sex discrimination in violation of Title VII in hiring of employees.

A. OFFERS OF EMPLOYMENT

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Eligible Claimants who claimed to have applied for work and not been hired, or who claim to have been deterred from submitting an application for employment and who were not hired, who are qualified in accordance with objective selection criteria that are job-related and consistent with business necessity, and who affirmatively indicate an interest in employment, shall be placed on a Job Offer List with others in the same geographic area grouped by position(s) sought. As vacancies occur over the ten-year period starting from the business resumption date, the Company shall offer employment to Eligible Claimants on the Job Offer Lists.

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B. RECRUITMENT AND SELECTION

1. General

Immediately upon the Defendant or any successor resuming business operations, Defendant shall engage in the following targeted recruiting of males into all positions in its workforce:

a. The Company shall provide written information to males concerning relevant employment opportunities with the Company; the procedures for applying and for renewing employment applications; and detailed written job descriptions, the required qualifications for the position and the Company's commitment to equal employment opportunity.

b. Recruitment, hiring and training materials, including internet and newspaper advertisements, shall specifically advise that the Company is an "Equal Opportunity Employer" and that the Company "promotes a diverse workforce." The company will review and revise existing materials regarding recruitment, hiring and training to eliminate sex-based stereotyping, explicit and/or implicit expressions of a sex-based applicant or employee preference and insure that when employees are pictured or described in any such materials that the depiction is of a sex-diversified workforce.

2. Target Advertising Program

The Company will place general and specific recruitment advertising to encourage male candidates to apply for openings during any periods when applications are being accepted by the Company. The Company will also continue to identify other sources for advertising to publicize its commitment to diversity and a gender balanced workforce in publications and media likely to be seen or heard by males, in appropriate periodicals agreed to by the parties, in each of its markets.

The Company will, as necessary and in its discretion, use target advertising to publicize

specific openings, to publicize the Company, and employment possibilities, in general, to publicize and fund job fair recruitment attendance and recruitment visits, or to otherwise support other programs being undertaken by the Company pursuant to this Decree.

The Company shall, over the term of this Decree, allocate appropriate funds to be used to accomplish the express goals of the Target Advertising Program.

C. TRAINING FOR POSITIVE EEO MANAGEMENT PRACTICES

1. General

Within 60 days of Defendant or any successor resuming business operations, Defendant shall train executives, management personnel, recruiters and any other person who participate in the recruiting and hiring process in understanding the principles of diversity, essential human resource management techniques, and adherence to non-discriminatory selection procedures and criteria.

It is intended that the Company shall provide EEO awareness to its general workforce in future years, including management employees. The effectiveness of its implementation of the following measures is dependent upon the understanding of the entire workforce, but particularly of its middle management and line supervisors, that these efforts have the full commitment of the company's upper-management, including, the Board of Directors, Chief Executive Officer, and top executive officials. To that end, the Company will, within 21 days of the entry of this Decree and continuing throughout the term of the Decree, communicate to its workforce, and particularly its middle managers and line supervisors, the commitment of the Company to the implementation of this Decree and furtherance of the Decree's purposes.

2. Managing a Diverse Workplace

Within 60 days of Defendant or any successor resuming business operations, the Company

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personnel, recruiters and any other person who participate in the recruiting and hiring process, designed to raise the awareness of participants of both overt and subtle biases and barriers inhibiting the development of a gender-diverse organization. The training shall include, *inter alia*, a discussion of Title VII's prohibition of discrimination on the basis of sex and retaliation: employees' rights under Title VII; EEOC's regulations and guidelines; sex-stereotyping and Defendant's responsibility to expend reasonable efforts toward maintaining a gender-diverse workforce.

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3. Management Incentives

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Within 60 days of Defendant or any successor resuming business operations, Defendant shall include a rating category for Advancement of Workforce Diversity in performance evaluations of all employees who participate in hiring and selection decisions, either at the pre-screening and/or hiring stages. Employees who fail to demonstrate efforts to promote non-sex discriminatory selection practices shall receive appropriate disciplinary action.

4. Discrimination Complaint Procedure

Within 60 days of Defendant or any successor resuming business operations, the Company agrees to establish a Complaint Procedure to be included in the Employee Handbook to resolve employee complaints of discrimination. Notices of the complaint procedure shall be posted conspicuously at Company facilities. The Notices will post the toll free number and address of the local EEOC Office, and shall be posted in conjunction with an EEOC Poster.

VIII. REPORTS AND RECORDS

A. Immediately upon the Defendant or any successor resuming business operations, the Company shall commence maintaining, and upon demand make available to the EEOC for copying and

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1. All applications, resumes, cover letters, interview notes, ratings, and any and all other documents related to recruitment, pre-screening and/or hiring that were otherwise received or generated by the Company.

2. All material regarding applicant tracking (see Section VI. C.).

 Copies of all newspaper or other advertisements placed during the Reporting Period under Section VII A. 1. b.

4. Copies of the notices of Openings sent to community, education and professional organizations under Section VII A. 1. c.

5. Copies of the general and recruitment advertising placed during the reporting period pursuant to the Targeted Advertising Program, Section VII. A. 2., as well as a listing of the name, telephone number, and address of the contact person for any advertising source utilized for the first time.

 A listing of personnel participating in the company's training programs required by this Decree.

7. A list of the job fairs, recruitment events, and educational institutions visited and the names of individuals who responded with applications (with percent of male applicants noted) as a result of the same and related outreach activities.

8. Any and all personnel and payroll records.

B. Within 60 days of Defendant or any successor resuming business operations, the Company shall submit annual written reports to the Commission describing actions taken to implement each provision of this Decree, with each report due no later than 60 days after the last date of each

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Reporting Period.

C. The Company shall maintain records of the underlying data gathered and/or summarized in any report required by this Decree until one (1) full year after the expiration of this Decree. The Company shall comply with all applicable record-keeping requirements of Title VII and the Commission's regulations, including but not limited to, 29 C.F.R. § 1602.14.

IX. NOTICE

All notifications and reports required under this Decree shall be made in writing and in the case of notification to the Commission, shall be sufficient if hand-delivered or sent by registered or certified mail to Regional Attorney, U.S. Equal Employment Opportunity Commission, Baltimore Field Office, 10 South Howard Street, 3rd Floor, Baltimore, MD 21201

X. REVIEW AND COMPLIANCE

A. <u>GENERAL PRINCIPLES</u>

EEOC shall have the authority, in its discretion, to review compliance with any terms of this Decree. As part of such review, the EEOC shall have the authority to require additional written reports concerning compliance; inspect Defendant's premises; interview or depose owners, directors, employees and witnesses, and obtain any documents for the purpose of examination and copying.

B. BREACH PROVISION

If the EEOC believes that the Company has breached any provision of this Decree, it shall so notify the Company, in writing, of the alleged breach. Upon receipt of written notice, the Company shall have fifteen (15) days to either correct the alleged breach, and so inform the EEOC, or deny the alleged breach, in writing;

1. If the parties remain in dispute they shall attempt in good faith to resolve their dispute;

- If the parties can not in good faith resolve their dispute, the EEOC may file with the Court a motion to correct and remedy the breach;
- Each party shall bear its own costs, expenses and attorney's fees incurred in connection with such action; and
- 4. Jurisdiction to resolve any dispute arising under this Decree shall reside in the United States District Court for the District of Maryland provided, however, that jurisdiction as to all disputes involving EEOC's claim in the bankruptcy proceeding based on this Decree shall reside in the United States Bankruptcy Court for the Eastern District of Pennsylvania.

IT IS AGREED:

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

RONALD S. COOPER General Counsel

JAMES LEE Deputy General Counsel

GWENDOLYN YOUNG REAMS Associate General Counsel

LANT

TACQUELINE H. MCNAIR Regional Attorney EEOC-Philadelphia District Office (including Baltimore Field Office) City Crescent Building, 3rd Floor 10 S. Howard St. Baltimore, MD 21201 Office #: (215) 440-2666 Facsimile #: (215) 440-2600

Dated: 11/26/08

PURE WEIGHT LOSS, INC. (FORMERLY LA WEIGHT LOSS CENTERS, INC.) BY OINTED CHAPTER 7 TRUSTEE

PAUL B. MASCHMEYER Maschmeyer Katalis, P.C. 1900 Spruce Street Philadelphia, PA 19103 Office #: (215) 546-4500 Facsimile #: (215) 985-4175 Attorney for Arthur P. Liebersohn, Appointed Chapter 7 Trustee

PER AUNERIZATION Dated:

ARTHUR P. LIEBERSOHN Appointed Chapter 7 Trustee

Dated:

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PHILLIPS

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TRACY HUDSON SPICER (Bar. No. 08671) Supervisory Trial Attorney EEOC-Washington Field Office 1801 L Street, N.W. Suite 100 Washington, DC 20507 Office #: (202) 419-0711 Facsimile #: (202) 419-0701

Dated:

RONALD L. PHILLIPS Senior Trial Attorney EEOC-Baltimore Field Office City Crescent Building, 3rd Floor 10 South Howard Street Baltimore, MD 21201 Office #: (410) 209-2737 Facsimile #: (410) 962-4270

Dated:

IT IS SO ORDERED:

Dated

MONORABLE WILLIAM D. QUARLES, JR. United States District Judge