

EMPLOYMENT LAW360

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Cisco Settles Hiring Discrimination Case

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Cisco Systems Inc. has reached a settlement with a group of black candidates who sued the company over allegedly discriminatory hiring practices.

According to a filing Thursday in the U.S. District Court for the Northern District of California, Cisco and the plaintiffs have agreed that the settlement "fairly resolves the issues" and constitutes a complete resolution of all the claims.

The company said it reached the agreement without admitting any wrongdoing and that it expressly denies any liability in relation to the allegations.

Under the terms of the deal — which still needs the final green light from the court — Cisco agreed to implement a training program for employees involved in recruiting and hiring for the company's U.S. sales organization.

That training will include instruction on how to recognize and eliminate the effects of unconscious bias against blacks, according to court documents.

In addition, Cisco said it had agreed to employ a lead sourcer to identify qualified black applicants and would "engage in reasonable efforts to seek to hire or engage sourcers who reflect diversity in race or color."

The company will also appoint a director of global inclusion and diversity who will be responsible for coordinating Cisco's compliance with anti-discrimination laws, among other things, as well as a diversity consultant who will advise on methods of identifying sources of qualified black applicants, court documents said.

Cisco will also implement a complaint procedure for applicants, among other things, court documents said.

The settlement comes a little more than a year after the plaintiffs — a group of black applicants who were denied sales and technical positions at Cisco — filed the proposed class action racial discrimination suit against the company.

Albert Crews III, Sandra Hill and Craig Oliver claimed that Cisco had "engaged in a pattern and practice of discriminating against African-Americans in hiring for sales and technical positions at Cisco." The complaint included an individual claim by Jeyakumar Nagarathinam that he was also discriminated against for being a person of color.

The job applicants alleged that they were well-qualified for Cisco job openings and were praised throughout the interview process. However, they said the positions were offered to less-qualified white candidates.

The lawsuit said that less than 3% of Cisco's overall workforce and less than 2% of its sales and technical workforce is black.

"Cisco employs more than 30 times the number of whites and 10 times the number of Asian-Americans than the number of African-American persons it employs in its sales/technical workforce," the lawsuit said.

Cisco, however, had maintained that it had more than 28,000 U.S. employees in 2006, with 758 black employees. Cisco said the total marked a 12% increase from 2005 and was the fastest-growing segment of new employees in the company.

Many of the lawsuit's claims stemmed from black diversity-staffing consultants who were hired by Cisco to recruit diverse candidates. The suit said the consultants were hired after a government agency investigated Cisco over inadequate minority representation in its workforce.

Under an agreement with the agency, Cisco agreed to ensure greater minority representation in its workforce, according to the suit.

"Ultimately, a number of Cisco's diversity consultants concluded the diversity program, at least insofar as it pertained to people of color, particularly African Americans, was nothing more than window dressing and a sham," the lawsuit said.

The suit said the consultants submitted hundreds of qualified minority candidates for positions, but "few, if any, of those candidates secured open positions at Cisco."

"Oftentimes, qualified African-American candidates would, after submitting resumes, simply be ignored. The African-American diversity consultants received numerous complaints from potential African-American applicants that Cisco did not appear to be serious about any commitment to diversity, insofar as it pertained to African Americans," the lawsuit said.

The consultants were also allegedly told that their focus was to increase the number of female, not black, Cisco employees; that they were simply "filling the pipeline with people for interviews"; and that Cisco preferred to hire from within even though a majority of its employees are white.

The suit said many diversity consultants have either been terminated or have quit because of their dissatisfaction with Cisco's commitment to diversity recruiting.

"African-American diversity consultants have ascertained that on a number of occasions, more-qualified African Americans have been rejected for positions which have been filled by less-qualified lower-ranked Caucasian applicants, whether external or internal," the suit said.

Cisco said that more than 12,000 of its 28,000 U.S. workforce in 2006 were minorities. The company has internal employee networks for female, black, Hispanic, gay, Asian and Indian employees.

Thursday's settlement resolves the plaintiffs' suit as well as charges by the U.S. Equal Employment Opportunity Commission, which concluded last year that there was "reasonable cause" to believe that Cisco discriminated against minority candidates.

Cisco is represented in the case by **Morgan Lewis** & Bockius LLP. The plaintiffs are represented by McNamara & Martinez LLP, Roseman & Kazmierski LLC and Minami Tamaki LLP.

The case is Albert Crew III et al. v. Cisco Systems, case no. 3:07-cv-00654, in the U.S. District Court for the Northern District of California.

--Additional reporting by Ron Zapata

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