

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

JON C. REEVES

v.

CA 95-063ML

ALLIANT TECHSYSTEMS, INC.

MEMORANDUM AND DECISION

In February 1995, Jon Reeves filed a breach of contract claim against his employer Alliant Techsystems, Inc. (Reeves I). Three months later, Reeves and a fellow co-worker filed suit alleging that Alliant had violated the Fair Labor Standards Act, see CA 95-237ML (Reeves II).

So that evidence pertaining to both actions could be heard at once, the cases were consolidated at trial. Beginning on May 18, 1998, this matter was tried before the court sitting without a jury for eight days. In lieu of closing arguments, the court requested that counsel submit post-trial memoranda. Plaintiff Reeves's breach of contract claim is now in order for a decision on the merits.

I. BACKGROUND

A. Alliant

Alliant is a defense contractor which provides logistical

support for naval weapons systems. During the relevant periods of Reeves's employment, Alliant's Marine Systems Group (MSG) was headquartered in Hopkins, Minnesota. In addition, Alliant also had an established laboratory in Keyport, Washington which supported the Naval Undersea Warfare Center (NUWC) there. The NUWC is involved in research and development activities relative to the United States Navy's weapons systems. In 1992, NUWC transferred its lightweight torpedo business from its facility in San Diego, California to its headquarters in Newport, Rhode Island. Alliant followed, shortly thereafter, by opening a facility in Middletown, Rhode Island.

In March 1992, Alliant offered Reeves a temporary technical staff position at the Newport¹ site for a one year period. The offer provided for two six month renewal options. See Def.'s Ex. 4. Reeves accepted the offer and was promoted to Chief Engineering Fellow. In May 1993, Alliant exercised its first six month renewal option and asked Reeves to stay in Newport until November 1993. Reeves agreed. Shortly thereafter, NUWC awarded Alliant a two year sole source contract to provide engineering services to support its lightweight torpedo program in Newport.

B. The Contract

¹ Although Alliant's Rhode Island office was actually located in Middletown, the parties at trial and in their pleadings refer interchangeably to Middletown and Newport as the same geographic locale. Despite the fact that Middletown and Newport are two separate municipalities on Aquidnick Island, for purposes of this memorandum the court will follow the parties' references to the site location.

In November 1993, Alliant notified Reeves that rather than exercising the second six month option, it was "offering [him] a regular assignment at the Newport Operations site." Def.'s Ex. 6. This is the agreement which forms the basis for Reeves's breach of contract claim against Alliant.

The contract "relocation package" included, inter alia,

A bonus of \$20,000 net to be paid in two installments. The first half installment will be paid in December 1993 and the second half will be paid in April 1994; a 4 percent salary increase; reimbursement for one roundtrip airfare to Minneapolis to prepare Reeves's household goods for shipment to Newport; and reimbursement for packing and shipping his household goods and seventeen foot boat from Minneapolis to Newport.

See id. The offer also included the following provisions:

Upon completion of 15 months at the Newport Operations, defined as February 15, 1995, you will be extended an option to transfer from the Newport Operations to a position in Minneapolis or some other location mutually acceptable to you and Alliant Techsystems. . . .

You are advised that if you voluntarily terminate employment prior to December 1, 1994, you are required to reimburse the company on a pro rata share for any payments as outlined above.

Id. at 2. On December 17, 1993, Reeves signed the contract evidencing his acceptance of all terms of Alliant's offer. Reeves moved to Rhode Island and Alliant paid him the first \$10,000 installment of his bonus.

C. Kathleen Hupp

Before moving to Rhode Island, Reeves had been living in

Minnesota with Kathleen Hupp, a fellow Alliant co-worker. In 1992, both transferred to Newport. They shared a residence in Newport for several months until Hupp ended the affair in November 1993. Shortly thereafter, Hupp began dating another man in the Alliant office in Newport.

Upset by the breakup, Reeves asked his supervisor Tony Misslin to either fire Hupp or terminate her assignment at Alliant's Newport office. Essentially, Reeves wanted Hupp out of the office because he found her behavior in the office to be "irritating" and "disruptive." At trial, Reeves described instances of Hupp's allegedly "bothersome" office conduct: on one occasion after their break up, Hupp announced in the office in a "loud voice" that she had found an apartment; on another occasion, Hupp commented about Reeves's attire, saying "Aren't we looking cute today?"; another time, Hupp came into Reeves's office to take inventory of office furnishings, but did not explain the purpose of her visit. Reeves also claimed to be hampered by Hupp's alleged refusal to help create some materials he needed for a presentation to the NUWC B even though there were other office personnel equally capable of preparing these materials.

At Reeves's behest, Misslin spoke with Hupp and reminded her to conduct herself professionally within the office. Hupp agreed to "conduct[] herself appropriately, without bringing personal issues into the work place." Reeves's perception of the situation is perhaps best summarized in his own words to Tony

Misslin. When Misslin refused Reeves's demands for Hupp's termination, Reeves told him, "I can't believe they're going to keep a lackey secretary around here when we have a man of [my] stature who can't work in that environment." Misslin Dep. at 18.

Reeves's emotional state apparently deteriorated dramatically when in January 1994, while he was conducting what he called a "security check" in the Newport office, he discovered a packet of documents, including what he considered to be "love notes" from Hupp to her new paramour. The notes implied that Hupp was involved in a romantic relationship with another engineer in the Newport office. According to Reeves, these notes provided conclusive proof that Hupp was consorting with a co-worker in Alliant's Newport office. Reeves deemed her conduct to be unprofessional; although, it is interesting to note that he apparently made no such similar complaints when Hupp was "consorting" with him.

Reeves made copies of the documents he found, annotated them with personal comments, and then presented them to his Newport supervisors, Griglak and Black. In particular, Reeves wrote, "I expect forceful and swift resolution or I am out of here." Def.'s Ex. 58 (emphasis in original). He added: "Part of getting over a relationship involves getting away from it and focusing on other things. What I must now deal with is not only her previous behavior, but a love affair in a small office under my nose." Id. Reeves concluded by stating: "I'm not going to spend the next year in this situation. Either they go or I go."

Id.

Immediately thereafter, Reeves told Griglak and Lee Moraski, Director of ESC, that he wanted both Hupp and her new companion fired. Griglak told Reeves that he could not fire them just for having a relationship. In response, Reeves said, "I'm senior engineer, I have to get out of here." A few days later, Reeves left Newport and returned to Minnesota.

Griglak suggested that Reeves stay in Minnesota for a while and seek counseling through the company's Employee Assistance Program (EAP).² Griglak permitted Reeves to stay in Minnesota "for a reasonable period of time, making trips to Newport as required to support specific customer needs." Def.'s Ex. 62. In a further effort to accommodate Reeves, Alliant sent a liaison to the Newport facility to "work with administrators on team-oriented operation, and to review and define roles and responsibilities associated with the administrators, as well as the managers." Def.'s Ex. 62. Moraski assured Reeves, "[t]his effort and relocation to a new facility providing more space and a better layout for each person to perform his or her work has improved the office environment." Id.

In February 1994, Griglak met with Reeves and others in Minnesota to discuss Reeves's return to Newport. Griglak and Moraski were anxious to have Reeves, the highest ranking engineer at the Newport facility, return to his assignment there. The parties reached an impasse. Reeves wanted Hupp moved out of the

² Alliant did not have an EAP program in Newport.

Newport office as a condition of his return, but Griglak would not re-assign her.

On March 23, 1994, Reeves returned to Newport to conduct business. Because he was still uncomfortable in the office setting, Reeves only went into the Newport facility after hours when the other employees would not be there. Despite Moraski and Griglak's numerous efforts to ease Reeves's transition back to Newport, Reeves continued to have a difficult time working there. On March 25, after spending only three days in Newport, Reeves returned to Minneapolis.

Although Moraski and Griglak wanted Reeves to go back to Newport, they did not want to order his involuntary return because they did not think it was in the best interests of the company to order an employee to work in a place where he did not want to be. Griglak told Reeves: "Jon, make a decision. We'd love to have you back in Newport, but you need to make that decision"

When Reeves requested "direction" on the matter, Moraski sent him a "revised assignment" offer dated April 6, 1994, which posed two options: (1) Reeves could reaffirm his current employment agreement, remaining in Newport as a "constructive member" of the operations team; or, (2) Reeves could immediately relocate to Minneapolis and support the NUWC Newport contract from there, making periodic business trips to Newport as needed. The latter option, however, would be considered by Alliant to be a breach of the December 1993 relocation agreement. Reeves was

asked to check the space next to the option he elected. In the offer and attached memorandum, Moraski warned Reeves of the consequences of his failure to make a clear choice:

Please advise me of your selection not later than April 18, 1994. . . If we do not receive your response by that date, we will consider that you are refusing the options offered. . . .

Alliant considers the continuation of your current conduct to be in breach of the terms of your transfer to Newport. We believe that either of the two options offered above to be a reasonable alternative to resolve this circumstance. However, if neither of the above options is acceptable to you, Alliant Techsystems will be left with no alternative but to consider your continued objections to perform your work at Newport (as previously agreed) to be in breach of your employment obligations. In this event, we will initiate action to effect your immediate discharge.

Def.'s Ex. 62.

The April 18 deadline expired, and Reeves refused to elect either option. On April 22, Moraski sent another memorandum to Reeves and again threatened termination in the absence of a reply. By the end of the month, Reeves had not made a choice and Alliant had not paid the second installment of his \$20,000 net bonus.

Despite overwhelming evidence to the contrary, Reeves testified that he was "ready, willing and able" to work in Newport and that he remained in Minneapolis solely at the insistence of his supervisors. Reeves also claims that before the end of April 1994, he had advised Moraski that he would return to Newport to fulfill his obligations under the contract.

The court does not find Reeves's testimony on this issue to be credible. The court observed Reeves to be evasive in his answers to even the most perfunctory questions about his employment history with Alliant. On more than one occasion, Alliant's counsel impeached Reeves's trial testimony with prior inconsistent statements from Reeves's 1996 deposition testimony. On the issue of Reeves's return to Newport, this excerpt from Alliant's cross examination of Reeves on July 28, 1998 illustrates the point.

Q. Mr. Reeves, let's see if you can just answer this very simple question. Did you ever tell Mr. Griglak -- and let's say before April 28th -- did you ever tell Mr. Griglak, "I would like to return to Newport"?

A. I don't recall saying -- what was the time frame, because that's very important?

Q. Sure. Any time before April 28th?

A. Oh, certainly.

Q. Would you take a look at page 147 of your deposition, please. . . . And I asked you this question at line 15. "All right. Did you tell him then that you would like to return to Newport, to the Rhode Island area?" Answer: "Did I tell him I would like to? I don't recall telling Mr. Griglak that I would like to go to Newport." . . . [D]id you give that testimony in your deposition under oath?

A. Certainly. . . .

Furthermore, despite Reeves's proliferation of written memoranda to Alliant executives during this time period, Reeves could point to no written communication to Griglak or Moraski to signal his purported intent to return to Newport to fulfill the terms of his contract.³

³ At trial, Reeves directed the court's attention to a memorandum entitled "Return to Newport." See Def.'s Ex. 66. On April 28, 1994, during his stay in Minneapolis, Reeves sent this memo to Griglak and Moraski. The memorandum stated the following:

Finally, after months of attempted compromise and resolution, Moraski made Reeves's decision for him. Concerned that Reeves's involuntary return to Newport would disrupt operations there, Moraski directed Reeves to stay in Minneapolis. By way of memorandum dated May 3, 1994, Moraski said, "In the absence of your notice of response as required by my letter of

The purpose of this memorandum is to inform you of my plans to return to Newport from Minneapolis on Friday, April 29, 1994. I'm sure you are aware of on-going business needs, so if you perceive a need for me not to return on the above date, please inform me in writing to avoid possible miscommunication prior to my departure.

Id.

Despite Reeves's attempt to characterize this memorandum as evidence of his intent to "return to Newport," the court rejects Reeves's testimony as self-serving and not worthy of belief. The April 28 memorandum merely refers to a business trip, not an unconditional intent to return to his contracted work assignment. In regards to this matter, Griglak stated the following:

It must be understood that his return to Newport was not to continue his assignment there. There were business needs, business travel to San Diego and Newport, which at this time and my recollection, were having some conflict as to where he should go in pursuit of business -- his business tasks or the task he was working on.

Trans. 5/19/98, page 104.

The court finds Griglak to be a credible witness and accepts his testimony as true. To further bolster the veracity of Griglak's statement, the court notes that in a memorandum dated April 27, 1994, Reeves wrote about his upcoming business trip to San Diego: "I had planned to travel to Newport to address these issues later this week, but just received new direction from G. Black that I may be needed for a meeting in San Diego instead." Def.'s Ex. 65.

April 22, you are directed to relocate to Minneapolis" and support the NUWC Newport contract from there. Def.'s Ex. 7.

[Y]ou have made it clear that you will not agree to perform your work at Newport as previously agreed, nor will you agree to relocate to Minneapolis. . . . Your refusal to perform your continued employment at Newport is a breach of your agreement with Alliant Techsystems, and therefore, our obligations under the terms of your assignment to Newport are ended.

Id. Reeves remained in Minnesota as an Alliant employee until his discharge in April 1996.

II. DISCUSSION

Reeves and Alliant do not dispute that they mutually entered into a valid employment contract in December 1993; however, they disagree as to which party breached the terms and conditions therein. In his complaint, Reeves alleges he entered into an employment contract which Alliant subsequently breached when it refused to pay him the second installment of an agreed upon bonus. Reeves's argument proceeds under the guise of two theories. First, Reeves claims that he never refused to complete his assignment in Newport. In the alternative, Reeves apparently contends that his refusal was justified because Hupp's behavior made it intolerable for him to continue his assignment in Newport. Taking into account all the evidence presented at trial, the court finds merit in neither claim.

Under Rhode Island law, "a contracting party may cease performance and seek damages" if the other party commits a

material breach. Gibson v. City of Cranston, 37 F.3d 731, 735 (1st Cir. 1994). A breach that is "material," "goes to the essence of the contract." Id. at 737 (quoting Salo Landscape & Constr. Co. v. Liberty Elec. Co., 376 A.2d 1379, 1382 (1977)). As the court construes the terms of the relevant contract, Alliant offered Reeves a net bonus of \$20,000 conditioned upon his relocation to Newport and completion of a fifteen month assignment at Alliant's Newport Operations site. See Miller v. Dixon Industries Corp., 513 A.2d 597, 601 (R.I. 1986) (In the absence of ambiguity "contract terms are assigned their plain and ordinary meaning."). The designated fifteen month period began in December 1993 and ended in February 1995. In accordance with the contract, Alliant paid Reeves the first half installment of \$10,000 in December 1993. However, long before the second payment was due in April 1994, Reeves renounced his portion of the agreement; that is, he refused to perform his obligation under the contract at the Newport site. See Gibson at 737 (material breach occurs when contracting party completely withholds his services for no valid reason).

Reeves claims that he did not refuse to continue his regular assignment in Newport. Nevertheless, the evidence in this case convinces the court that Reeves failed to keep his end of the bargain. By January 1994, Reeves had told both his former supervisor, Misslin, and his current supervisor, Griglak, that he could not work near Hupp and had to get out of Newport. Shortly thereafter Reeves left Newport and refused to return. For three

months, Griglak and Moraski attempted to coax Reeves back to Newport. When Reeves did return, he quickly departed after only a three-day sojourn. The court therefore finds as a fact that Reeves left Newport in January, 1994 and refused to return to work there on a full-time basis.

With respect to Reeves's fallback position, i.e., that his refusal to return to Newport was justified because of Hupp's alleged behavior, the court finds absolutely no merit in this excuse. Alliant provided Reeves with an EAP counselor, gave Reeves a reasonable time to deal with his emotional reaction to the break-up, and counseled Hupp to keep her personal life out of the office. Reeves is a highly intelligent adult who, in the court's opinion, over-reacted to the break-up of an office romance. His refusal to return to Newport was not due to Hupp's behavior, rather, the court finds it was due to his own inability to get on with his life. It was clearly his choice to stay out of Newport. That choice, however, had legal consequences: it constitutes a material breach of his agreement to relocate and remain resident at the Newport facility.

In conclusion, the court finds Reeves's refusal to return to Rhode Island to complete his assignment there constituted a material breach of the contract which relieved Alliant of any obligation to pay the second half of the bonus.

III. CONCLUSION

For the reasons stated above, this court enters judgment in

favor of the defendant.

SO ORDERED:

Mary M. Lisi
United States District Judge
January , 1999