



DAVID MAZIE

\$2.3M in D&O Liability Suit

Liss v. Federal Insurance Co.: An insurer agreed on March 2 to a \$2.3 million settlement of a suit claiming its directors' and officers' policy required coverage of sums a company's majority owner failed to pay an ex-employee.

John Liss of Mountainside, a sales executive and minority shareholder at Gracotech Inc. in Parsippany, sued majority owner Anthony Ilutzi for alleged failure to pay Liss for severance and the value of his stock. The company eventually settled and assigned its right to recover from

Federal Insurance Co.

Liss, represented by **David Mazie** of **Mazie Slater Katz & Freeman** in Roseland, claimed the company's D&O policy covered breaches of fiduciary duty. The insurer said such acts were excluded.

Morris County Superior Court Judge **Stephen Smith Jr.** entered a \$2.4 million judgment against the insurer that included prejudgment interest from 1999 to 2007. An appeals court affirmed most of his ruling on Feb. 3, but remanded on whether prejudgment interest was

warranted and for how long.

Instead of relitigating on interest, the parties settled for \$50,000 less than the plaintiff would have sought on remand, Mazie says. Defense lawyer **Stacey Rappaport** of **Drinker Biddle** in Florham Park did not return a call.

— *By Henry Gottlieb*