



Liss v. Federal Insurance Co.: A Morris County judge awarded \$1.35 million on June 27 to an executive who claimed his company breached his employment contract by refusing to redeem his interest in the business when he resigned.

Superior Court Judge **Stephen Smith** also ruled that the breach was covered by insurance.

Smith decided that John Liss of Mountainside deserved \$1.35 million from Grace Holdings Inc., a Parsippany software company, and that Federal Insurance Co. had to pay. The

award was based on Liss' 9.8 percent share of the company that was worth slightly less than \$20 million.

With attorneys' fees and interest, the judgment will be \$2.4 million, according to Liss' attorney, **David Mazie of Mazie Slater Katz & Freeman** in Roseland.

The defense argued that Liss forfeited the money because he quit in 1999 to work for a competitor in violation of the contract's noncompete clause. Any damages due Liss had to be offset by the loss his defection cost the company, the defense argued.

The judge adopted Mazie's argument that Liss' resignation caused no damages and agreed with his expert's valuation of the shares. The judge also ruled that the breach was covered by a Federal Insurance directors and officers policy purchased by Grace.

The company and its president settled with Liss for \$1.45 million in 2003 and assigned to the plaintiff the right to pursue the carrier. Federal Insurance denied coverage and won dismissal on summary judgment.

Last year, however, the Appellate Division in *Liss v. Federal Insurance Co.*, A-6863-03, reversed and remanded for a trial on the underlying claim.

Defense lawyers **Anthony Zarillo Jr. of Courter, Kobert & Cohen** in Hackettstown and **Stacey Rappaport of Drinker, Biddle & Reath** in Florham Park did not return calls.

— *By Henry Gottlieb*