



# Business Law Alert

## Company Asset Protection: Snooze and You Lose

When you have the first idea that a former employee is misusing your company data for monetary gain, act immediately. Investigate diligently. Do not wait until your employee commits additional acts of misuse.

In *Graham Company v. Haughey*, (2007) Graham claims that Haughey infringed on Graham's copy-protected sales material. (The sales material explained a prospect's insurance policy in plain English.) In 1991, Graham terminated Haughey. Haughey, a salesperson, moved to another insurance company. The second employer, USI, purchased several customer accounts from Graham on Haughey's behalf. In 1991 when Haughey left, he did not return Graham's sales material.

A few months after Haughey left, Graham sent a letter demanding that Haughey stop soliciting his former clients. And that was it. 13 years later, Graham learns that USI had copied Graham's sales material to collect more than \$16 million from customers. Graham sues USI and Haughey.

The Pennsylvania Court of Appeals ruled in USI's favor. The court decided that Graham knew about Haughey's theft 13 years ago and it was too late to sue now. The court found that Graham knew Haughey went to work for one of its competitors because Graham sold several accounts to USI. The court also found persuasive that Graham knew that Haughey had previously violated their termination agreement; therefore, Graham knew that Haughey was not a man of his word.

Continued...

## Seminars::

Best Legal Entities  
for Your Business

August 10th at 7:00  
pm

Speaker: Sharmil  
McKee, Esq.

[More Webinars](#) at  
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## Networking::

Roundtable Net-  
working Breakfast

August 15th at 7:30  
a.m.

Host: Center City  
Proprietors Associa-  
tion

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**McKee Law Office**  
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What is important about this case and what it means for your business is that the burden of protecting your company's assets from theft falls on you. You must diligently investigate all suspicious activity of infringement. If you take the "wait and see" approach, time is running out on your ability to sue for damages.

First, you should keep a running list of all company property given to the employee. Upon termination, be sure that the employee returns all company property.

Second, be sure to execute a termination agreement which clearly outlines the employee's obligation not to compete, solicit current clients and prospect, and not to copy company material.

Learn from Graham--The "wait and see" method of

investigation could cost you \$16 million.

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## Firm News

Congratulations to Daddy Universe City, Inc., our client, for the successful completion of its second annual Fatherhood Festival in Philadelphia.

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- Contracts/Agreements
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- Employment Law & Human Resources
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- Financing and Angel/Venture/Dept Capital
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**Referrals Welcome**

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**Do you need a speaker at your next meeting?**

We are happy to help.

As a speaker, Ms. McKee translates business law into plain English so that owners learn how to avoid future legal problems.

Call today at  
215-242-5260

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