

12-2493-cv
Kwan v. The Andalex Group LLC

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3 UNITED STATES COURT OF APPEALS
4
5 FOR THE SECOND CIRCUIT
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8 August Term, 2012
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10 Argued: March 7, 2013 Decided: December 16, 2013
11 Docket No. 12-2493-cv
12

13
14 ZANN KWAN,
15

16 *Plaintiff-Appellant,*
17

18 -v.-
19

20 THE ANDALEX GROUP LLC,
21

22 *Defendant-Appellee.*
23

24
25 Before: B.D. PARKER AND LOHIER, Circuit Judges, and KOELTL,
26 District Judge.^{*}
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28 The plaintiff, Zann Kwan, appeals from the judgment of
29 the United States District Court for the Southern District of
30 New York dismissing her complaint. The District Court
31 (Katherine B. Forrest, Judge) granted summary judgment
32 dismissing the plaintiff's claims for discrimination,
33 retaliation, and hostile work environment, in violation of
34 federal and state discrimination laws, and failure to notify

* The Honorable John G. Koeltl, of the United States District Court for the Southern District of New York, sitting by designation.

1 the plaintiff of her rights under the Consolidated Omnibus
2 Budget Reconciliation Act of 1985, in violation of the
3 Employee Retirement Income Security Act of 1974.

4 We affirm the judgment of the District Court in all
5 respects, except we vacate the judgment dismissing the
6 retaliation claims and remand as to those claims for further
7 proceedings.

8 Judge Parker concurs in part and dissents in part in a
9 separate opinion.

10

11 EDWARD F. WESTFIELD, Edward F. Westfield, P.C., for Plaintiff-
12 Appellant Zann Kwann.

13

14 A. MICHAEL WEBER AND JOSEPH E. FIELD, Littler Mendelson, P.C.,
15 for Defendant-Appellee The Andalex Group LLC.

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18 John G. Koeltl, District Judge:

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20 The plaintiff, Zann Kwan, is a former employee of The
21 Andalex Group LLC ("Andalex"). She appeals from a judgment of
22 the United States District Court for the Southern District of
23 New York dismissing her complaint. The District Court
24 (Forrest, J.), granted summary judgment dismissing the
25 plaintiff's claims of discrimination, retaliation, and hostile
26 work environment under Title VII of the Civil Rights Act of
27 1964, 42 U.S.C. § 2000e et seq. ("Title VII"); the New York
28 State Human Rights Law ("NYSHRL"), N.Y. Exec. Law § 296; and

1 the New York City Human Rights Law ("NYCHRL"), N.Y.C. Admin.
2 Code § 8-107.¹ The District Court also dismissed the
3 plaintiff's claim that Andalex violated the Employee
4 Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C.
5 § 1001 et seq. by failing to notify her of her right to
6 continuing health care coverage pursuant to the Consolidated
7 Omnibus Budget Reconciliation Act of 1985 ("COBRA"), 29 U.S.C.
8 § 1166 et seq.

9 On appeal, Kwan contends that she proffered sufficient
10 evidence that she was subjected to a hostile work environment
11 because of her gender and was retaliated against for
12 complaining about gender discrimination. Kwan also alleges
13 that the District Court abused its discretion by denying her
14 statutory penalties under COBRA. For the reasons that follow,
15 we affirm the judgment of the District Court except with
16 respect to Kwan's retaliation claims, as to which there are
17 genuine disputes as to material facts that preclude summary
18 judgment.

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¹ Although the plaintiff alleged claims of discrimination on the basis of gender and national origin under Title VII, the NYSHRL, and the NYCHRL, those claims have not been pursued on appeal, and will therefore not be discussed in this opinion.

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BACKGROUND

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A.

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In reviewing the District Court's grant of summary judgment in favor of Andalex, "we construe the evidence in the light most favorable to the [plaintiff], drawing all reasonable inferences and resolving all ambiguities in [her] favor." CILP Assocs., L.P. v. PriceWaterhouse Coopers LLP, 735 F.3d 114, 118 (2d Cir. 2013) (citation and internal quotation marks omitted).

Andalex is a small family-owned real estate management company specializing in large gaming and commercial properties. Allen Silverman is the founder and Chief Executive Officer. Allen's sons, Andrew and Alex, are the Chief Investment Officer and Chief Operations Officer respectively. Steven Marks is the Chief Financial Officer. During the relevant time period, April 2007 to September 2008, Andalex had approximately twenty to twenty-five employees.

On April 9, 2007, Andalex hired the plaintiff to be Vice President of Acquisitions. Kwan was an at-will employee and was provided a six-figure salary, two weeks paid vacation,

1 health insurance, and was eligible for a year-end
2 discretionary bonus. The plaintiff's primary duties at
3 Andalex involved analyzing cash flows, preparing financial
4 models and projections, and performing due diligence on
5 investment properties. From April to August 2007, the
6 plaintiff worked with Andrew Feder, the Managing Director of
7 Acquisitions. Feder testified that Kwan's work product was
8 "very good" and that he never had reason to criticize her
9 competence or diligence. After Feder left Andalex in August
10 2007, Kwan reported directly to Steven Marks until she was
11 terminated in September 2008. In November 2007, Andrew
12 Silverman complimented Kwan's work and told her to "[k]eep up
13 the good work." In December 2007, she received a bonus of
14 \$5,000.

15 On September 24, 2008, Andalex terminated Burton Garber,
16 a male Andalex executive who had been with the company for
17 several years. On September 25, 2008, Kwan left the office at
18 5:15 p.m., earlier than the standard departure time of 6:00
19 p.m. Andalex alleges that when Marks asked Kwan where she was
20 going, she replied that she was leaving to play squash. Marks
21 asked Kwan's status on a project and she said that she would
22 work on it the following day and left the office. The
23 plaintiff alleges that she received permission from Marks to
24 leave early, that her leaving had no effect on her work, and

1 that September 25 was the first time she had ever left the
2 office before 6:00 p.m.

3 The next morning, September 26, 2008, Marks met with Kwan
4 and reprimanded her for leaving work early without permission.
5 Amy Piecoro, the Director of Human Resources at Andalex, was
6 present at the meeting. Although Marks testified that he had
7 previously told the plaintiff not to leave early without
8 permission and not to take long lunch breaks, Kwan testified
9 that the September 26 meeting was the first time she had
10 learned that there were set working hours at Andalex. Amy
11 Piecoro testified that prior to September 26, 2008, she had
12 never been told that Kwan was arriving late, leaving early, or
13 taking long lunches. Later that day, Andrew Silverman fired
14 Kwan.

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B.

17 According to Kwan, she was terminated about three weeks
18 after she had complained to Alex Silverman that she was being
19 discriminated against because of her gender. She alleges that
20 she was fired because of her recent complaint about
21 discrimination. Kwan testified that on September 3, 2008, she
22 asked Alex Silverman why she was being discriminated against
23 and treated differently from the men in the office with
24 respect to salary increases and bonuses. Alex allegedly told

1 her that he and Andrew Silverman each speak with Allen
2 Silverman about their "own men" and Allen then decides the
3 increases and bonuses. About three weeks later, on September
4 26, 2008, Kwan was fired. Andalex claims that Andrew
5 Silverman made the decision to terminate Kwan.² Alex
6 Silverman denies that the September 3 conversation ever
7 occurred.

8 Andalex has denied that it retaliated against the
9 plaintiff. Indeed it has denied that the alleged complaint of
10 gender discrimination ever occurred. Its explanations for the
11 plaintiff's firing have, however, evolved over time. Andalex
12 initially contended that its change in business focus to
13 international investments made the plaintiff's skill set
14 obsolete. Subsequently, it shifted to an explanation that the
15 plaintiff's poor performance and bad behavior were the reasons
16 for the termination.

² Andalex has not been consistent in its explanation of whether Andrew Silverman acted alone in deciding to terminate the plaintiff. Andalex's statement to the Equal Employment Opportunity Commission ("EEOC") indicates that Andrew Silverman and Steven Marks made the decision to terminate Kwan together. At another point, the EEOC statement says that "it was Mr. Marks['s] decision, approved by Andrew Silverman" to terminate Kwan. Alex Silverman testified that Andrew Silverman made the decision to terminate the plaintiff. Amy Piccoro testified that the decision to terminate Kwan was made by Andrew Silverman, Steven Marks, and William Kogan, Andalex's General Counsel.

1 In a letter dated November 19, 2008, Andalex's counsel
2 explained that both Kwan and Garber were terminated because
3 the business focus at Andalex had changed from domestic real
4 estate to international gaming and hospitality:

5 [Kwan's] skill set no longer matche[d] what Andalex
6 need[ed] from her position. . . . As Andalex's
7 business shifted from U.S.-based office properties
8 to Latin American hospitality and gaming interests,
9 Ms. Kwan's skill set became increasingly
10 obsolete. . . . Ms. Kwan has no experience in the
11 hospitality or gaming industry . . . which Andalex
12 deems necessary for the direction its business is
13 headed. Notably, only weeks ago, Andalex terminated
14 a senior portfolio manager who is male, [Burton
15 Garber,] because it similarly concluded that his
16 skill set was not a good match for the company going
17 forward.

18
19 The letter also claimed that Kwan was terminated because "she
20 repeatedly took long lunches, arrived to the office late, left
21 early, and generally made little effort to make herself
22 valuable to the company as its business focus changed."

23 After Kwan filed a complaint with the Equal Employment
24 Opportunity Commission ("EEOC"), Andalex filed its Position
25 Statement (the "Position Statement") on April 7, 2009. The
26 introduction to the Position Statement explained that over the
27 course of Kwan's employment, Andalex's "business changed
28 dramatically." Andalex switched its focus from "the
29 acquisition, development and management of commercial, retail
30 and residential properties in the United States," at the time
31 Kwan was hired, to "investments in Latin America and the

1 Caribbean" and a "business plan abroad." The Position
2 Statement argued that "the termination of Ms. Kwan's
3 employment [was] for reasons having nothing to do with her
4 gender or national origin. Rather, her skill set no longer
5 matched the needs of either Andalex or its foreign hospitality
6 and gaming division." The introduction did not allege that
7 Kwan's poor performance or behavioral problems contributed to
8 the decision to terminate her.

9 The body of the Position Statement also focused almost
10 exclusively on Andalex's change in business focus. Andalex
11 represented that although it had attempted to "integrate Ms.
12 Kwan into its foreign hospitality and gaming division, as
13 domestic acquisitions came to a complete halt," Kwan was not
14 suited to working on such transactions because she did not
15 speak Spanish and lacked experience in this new area of
16 business focus. Andalex represented that Kwan was unable to
17 adapt to the change in business focus and that both she and
18 Burton Garber had been terminated because of the change in
19 business focus:

20 While Ms. Kwan's performance in the context of the
21 domestic real estate aspect of the operation was
22 acceptable, she had failed and had been unable to
23 make the transition to the foreign hospitality and
24 gaming aspect of the business operation. In this
25 context, . . . her employment was terminated
26 During the same time frame, Burton Garber, a male,
27 who is not of Asian nationality, was also notified
28 of his termination based upon the disposition of

1 Andalex's domestic real estate portfolio and the
2 growing focus on foreign business.

3
4 Andalex reiterated that "both Ms. Kwan's and Mr. Garber's
5 employments were severed as a consequence of the company's
6 shift from domestic real estate ownership and management to
7 the foreign hospitality and gaming business." Andalex
8 repeated this position:

9 As noted above, the company's emphasis shifted from
10 real estate in the United States to hospitality and
11 gaming in Latin America and the Caribbean. Ms. Kwan
12 did not have experience in hospitality or gaming
13 acquisitions. She also did not speak Spanish. Her
14 skills simply no longer fit in with the business of
15 the company. . . . Ms. Kwan was never singled out
16 for disparate treatment. Ms. Kwan conveniently
17 fails to note that Mr. Garber's employment had been
18 terminated around the same time that her employment
19 had been terminated. His termination was for the
20 same basic reasons as was Ms. Kwan.

21
22 In the argument section of its Position Statement,
23 Andalex framed the dispute between the parties as "begin[ning]
24 with whether Ms. Kwan was qualified to perform in the
25 aftermath of the corporate changes in operations." The
26 argument proceeded to tie Kwan and Garber together and claim
27 that the change in business focus was the reason for their
28 terminations:

29 Andalex asserts that Ms. Kwan did not have the
30 needed qualifications and abilities to transition
31 with the changes in corporate focus. Ms. Kwan and
32 Mr. Garber were both laid off at around the same
33 time for the same business reasons. Andalex has
34 presented a facially valid, independent and non-
35 discriminatory basis for the actions taken.

1 Andalex's Position Statement also made brief reference to
2 Kwan's performance in response to her claims that her
3 performance was excellent, that she had always carried out her
4 responsibilities, and that she had never received written or
5 oral performance warnings. Andalex alleged there were
6 "several instances in which Ms. Kwan's work product contained
7 significant errors," including "at least one case [where her
8 performance] adversely affected a transaction being negotiated
9 with a global financial institution."

10 Andalex also alleged that Kwan's behavior contributed to
11 its decision to terminate her. Andalex alleged that on at
12 least two occasions Kwan had behaved inappropriately by taking
13 photographs of Steven Marks despite his repeated requests that
14 she stop. Andalex also claimed that "[t]oward the end of her
15 employment, Ms. Kwan was taking long lunches and leaving the
16 office early," and referred to her alleged early departure for
17 a squash game.

18 Any fair reading of Andalex's Position Statement to the
19 EEOC indicates that Andalex claimed that Kwan was fired
20 primarily because its business focus had changed. Kwan was
21 therefore terminated at about the same time as Garber, a male
22 non-Asian, and Andalex could argue that the reason for both
23 terminations was the same. This rationale undercut any

1 argument that Kwan was terminated because of discrimination
2 based on her gender or national origin.

3 Andalex's explanation that Kwan was terminated because of
4 a change in Andalex's business focus was undermined by Marks's
5 testimony at his deposition. Marks testified that Andalex's
6 business focus had already shifted from domestic real estate
7 to international hospitality and gaming by the time the
8 plaintiff began to work at Andalex. Marks testified that "at
9 the time [Kwan] came in, [Andalex was] looking to acquire
10 Curacao. . . . [and] some properties in Mexico. And [Andalex
11 was] in the process of trying to raise equity with . . . JP
12 Morgan to expand the hospitality and gaming business plan."
13 Marks testified that although Burton Garber had been
14 terminated because of the shift in business focus, Kwan was
15 not terminated for that reason "[b]ecause she had been working
16 on casino-related projects soon after she started." On the
17 other hand, Andrew Silverman testified that the plaintiff's
18 termination was the "[c]ulmination of her poor performance and
19 the fact that . . . our business model had begun to
20 change"

21 Andalex now alleges that Kwan's poor performance,
22 illustrated by three discrete incidents, was the chief reason
23 for her termination. Of the three incidents, only one was
24 mentioned in Andalex's Position Statement before the EEOC.

1 The first instance, referred to briefly in Andalex's EEOC
2 Position Statement, involved Kwan's error in preparing a
3 financial model for possible equity funding. The project was
4 reassigned. Andalex also alleges that Kwan was late in
5 preparing a financial model for a casino acquisition in
6 Argentina. Additionally, Andalex claims that Kwan was late in
7 preparing a financial projection for a Mexican acquisition and
8 that the projection contained significant errors. Neither the
9 Argentina project, nor the Mexico project, was mentioned in
10 the EEOC Position Statement.

11 Andalex also alleges that Kwan's behavior contributed to
12 the decision to terminate her. Alex Silverman testified that
13 Kwan had conducted herself unprofessionally at several
14 business meetings. Marks also testified that Kwan did not
15 abide by the standard work hours, getting into work late,
16 leaving early, and taking long lunches.

17

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C.

19 The evidence with respect to Kwan's COBRA claim is as
20 follows. After her termination, Kwan was entitled to receive
21 notification under COBRA regarding her right to continue to
22 receive health insurance benefits. As Director of Human
23 Resources, Amy Piecoro was responsible for notifying Andalex's
24 health insurance claims administrator, Paychex, Inc.

1 ("Paychex"), about Kwan's termination, so that Paychex could
2 send Kwan notification of her right to continue her health
3 insurance benefits. Piecoro alleges that she completed and
4 sent the COBRA employee data sheet to Paychex on September 30,
5 2008, but Paychex claims that it never received the form and
6 therefore did not send the COBRA notification to Kwan.

7 Andalex claims that it discovered that Kwan had not
8 received her COBRA notification form only after her attorney
9 raised the issue in 2009. On October 12, 2009, more than a
10 year after her termination, the plaintiff received
11 notification of her COBRA rights from Paychex. Kwan then
12 allegedly called Paychex several times in October and November
13 2009 to determine the amount she owed for her first premium
14 check. The premium for the policy, stated in the notification
15 form from Paychex, was \$1,942.81 per month. On December 1,
16 2009, Paychex sent a second COBRA notice to the plaintiff
17 offering Kwan participation in a different health plan,
18 Healthnet, for a monthly premium of \$990.24. Kwan testified
19 that she could not afford the premium for coverage under the
20 Healthnet plan. When the plaintiff sought clarification about
21 the differences between the original and Healthnet plans,
22 Andalex's broker allegedly told her that all further
23 communications would "have to go through the attorneys." Kwan
24 did not enroll in the Healthnet plan.

1 The plaintiff remained unemployed and without health
2 insurance until she began new employment in Singapore in April
3 2010. Kwan testified that from the time her Andalex coverage
4 lapsed in October 2008 to when she secured new insurance in
5 2010, she and her husband incurred unreimbursed medical
6 expenses of "a few hundred dollars." Kwan alleges that she
7 and her husband avoided and delayed seeking medical attention
8 during the period they were without health insurance,
9 including psychological counseling for the emotional distress
10 associated with Andalex's alleged discriminatory treatment and
11 her termination. Kwan was unable to locate any documents
12 evidencing her medical expenses or demonstrating that she had
13 delayed seeking medical attention for any ailments.

14
15 **II.**

16 The District Court granted Andalex's motion for summary
17 judgment and dismissed all of Kwan's claims.

18 The District Court dismissed the claims of discrimination
19 and retaliation under Title VII for failure to establish a
20 prima facie case under the framework set forth in McDonnell
21 Douglas Corp. v. Green, 411 U.S. 792 (1973). The District
22 Court went on to determine that even assuming the plaintiff
23 had met her prima facie burden, Andalex had offered legitimate
24 non-discriminatory reasons for her termination and the

1 plaintiff had failed to produce sufficient evidence to
2 demonstrate that the reasons were a pretext for discrimination
3 or retaliation.

4 The District Court dismissed Kwan's claims under the
5 NYSHRL and NYCHRL for the same reasons it dismissed the Title
6 VII claims and dismissed Kwan's COBRA claim because the
7 plaintiff made no showing that she had been harmed by her lack
8 of COBRA coverage. In response to Andalex's motion for
9 summary judgment, Kwan also argued that her complaint stated a
10 claim for hostile work environment. The District Court
11 refused to consider Kwan's hostile work environment claim
12 because it was first raised in response to the motion for
13 summary judgment.

14 This appeal followed.

15

16

DISCUSSION

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I. Hostile Work Environment and Retaliation Claims

18

19 We review de novo an award of summary judgment for the
20 claims under Title VII, the NYSHRL, and the NYCHRL. See
21 Gorzynski v. JetBlue Airways Corp., 596 F.3d 93, 101 (2d Cir.
22 2010); Dawson v. Bumble & Bumble, 398 F.3d 211, 216-17 (2d
23 Cir. 2005). Summary judgment is appropriate where "there is
24 no genuine dispute as to any material fact and the movant is
entitled to judgment as a matter of law." Fed. R. Civ. P.

1 56(a); see Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986).

2 A genuine dispute of material fact “exists for summary
3 judgment purposes where the evidence, viewed in the light most
4 favorable to the nonmoving party, is such that a reasonable
5 jury could decide in that party’s favor.” Guilbert v.

6 Gardner, 480 F.3d 140, 145 (2d Cir. 2007) (citation omitted).

7 The substantive law governing the case will identify those
8 facts that are material, and “[o]nly disputes over facts that
9 might affect the outcome of the suit under the governing law
10 will properly preclude the entry of summary judgment.”

11 Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986).

12 Although summary judgment is proper where there is
13 “nothing in the record to support plaintiff’s allegations
14 other than plaintiff’s own contradictory and incomplete
15 testimony,” Jeffreys v. City of New York, 426 F.3d 549, 555
16 (2d Cir. 2005), there is a “need for caution about granting
17 summary judgment to an employer in a discrimination case where
18 . . . the merits turn on a dispute as to the employer’s
19 intent,” Holcomb v. Iona Coll., 521 F.3d 130, 137 (2d Cir.
20 2008).

21

22 **A. Hostile Work Environment Claims**

23 Kwan’s complaint does not assert a claim for hostile work
24 environment and Kwan did not raise the prospect of such a

1 claim until her opposition to the motion for summary judgment.
2 The District Court held that because the plaintiff had never
3 asserted a claim of hostile work environment until her brief
4 in opposition to the motion for summary judgment, it would not
5 consider the claim. We agree with the District Court and will
6 not address the merits of that late-asserted claim. See
7 Greenidge v. Allstate Ins. Co., 446 F.3d 356, 361 (2d Cir.
8 2006); Syracuse Broad. Corp. v. Newhouse, 236 F.2d 522, 525
9 (2d Cir. 1956) (holding that district court was "justified" in
10 "brush[ing] aside" further argument not alleged in complaint
11 but raised for first time in opposition to summary judgment).
12 The dismissal of the hostile work environment claim is
13 therefore affirmed.

14

15

B. Retaliation Claims

16 To prevail on a retaliation claim, "the plaintiff need
17 not prove that her underlying complaint of discrimination had
18 merit," Lore v. City of Syracuse, 670 F.3d 127, 157 (2d Cir.
19 2012), but only that it was motivated by a "good faith,
20 reasonable belief that the underlying employment practice was
21 unlawful," Reed v. A.W. Lawrence & Co., 95 F.3d 1170, 1178 (2d
22 Cir. 1996) (citation and internal quotation marks omitted).
23 The good faith and reasonableness of Kwan's belief that she

1 was subjected to discrimination are not at issue on this
2 appeal.

3 Federal and state law retaliation claims are reviewed
4 under the burden-shifting approach of McDonnell Douglas, 411
5 U.S. at 802-04. See Hicks v. Baines, 593 F.3d 159, 164 (2d
6 Cir. 2010); Dawson, 398 F.3d at 216-17; Reed, 95 F.3d at
7 1177.³

8 **1.**

9 Under the first step of the McDonnell Douglas framework,
10 the plaintiff must establish a prima facie case of retaliation
11 by showing 1) "participation in a protected activity"; 2) the
12 defendant's knowledge of the protected activity; 3) "an
13 adverse employment action"; and 4) "a causal connection
14 between the protected activity and the adverse employment
15 action." Jute v. Hamilton Sundstrand Corp., 420 F.3d 166, 173
16 (2d Cir. 2005) (citation and internal quotation marks
17 omitted). The plaintiff's burden of proof as to this first

³ The plaintiff also brought a claim for retaliation under the NYCHRL. It is unclear whether and to what extent the McDonnell Douglas framework has been modified for claims under the NYCHRL. See Mihalik v. Credit Agricole Cheuvreux N. Am., Inc., 715 F.3d 102, 110 n.8, 112 (2d Cir. 2013). It is unnecessary to resolve that issue in this case because to the extent that the defendant has failed to show it is entitled to summary judgment under McDonnell Douglas, it would not be entitled to summary judgment under the more expansive standard of the NYCHRL. See Williams v. Regus Mgmt. Grp., LLC, 836 F. Supp. 2d 159, 181 (S.D.N.Y. 2011).

1 step "has been characterized as 'minimal' and 'de minimis.'" 2 Id. (citations omitted).

3 The District Court erred when it held that the plaintiff 4 failed to satisfy the knowledge and causation prongs of the 5 prima facie case.

6 With respect to the knowledge prong, the District Court 7 held that the plaintiff could not demonstrate Andalex's 8 knowledge of her protected activity because Kwan had provided 9 no evidence that Andrew Silverman had knowledge of Kwan's 10 September 3 conversation with Alex Silverman when Andrew made 11 the decision to terminate her. However, for purposes of a 12 prima facie case, a plaintiff may rely on "general corporate 13 knowledge" of her protected activity to establish the 14 knowledge prong of the prima facie case.⁴ Gordon v. N.Y.C. 15 Bd. of Educ., 232 F.3d 111, 116 (2d Cir. 2000) ("Neither [the

⁴ To the extent Andalex argues that Kwan must demonstrate communication of Kwan's complaint from Alex Silverman to Andrew Silverman, Andalex confuses the "knowledge" and the causation prongs of the prima facie case requirement. Kwan does not argue that general corporate knowledge demonstrates causation, but rather argues that it demonstrates knowledge. Furthermore, while Andalex is correct that Kwan cannot satisfy the causation prong through mere corporate knowledge, as discussed below, Kwan demonstrates causation indirectly by the temporal proximity between her complaint and her termination, and does not rely on "general corporate knowledge" for the causation prong of the prima facie case. It should, however, be noted that Andrew Silverman testified that he consulted with his brother before terminating the plaintiff and Alex Silverman testified that he and Andrew had discussed terminating the plaintiff.

1 Second Circuit] nor any other circuit has ever held that, to
2 satisfy the knowledge requirement, anything more is necessary
3 than general corporate knowledge that the plaintiff has
4 engaged in a protected activity.”) (citations omitted). Here,
5 the plaintiff made her September 3 complaint to Alex
6 Silverman, an officer of the corporation. This complaint was
7 sufficient to impute to Andalex general corporate knowledge of
8 the plaintiff’s protected activity. See Reed, 95 F.3d at 1178
9 (holding that a plaintiff’s complaint to an officer of the
10 company communicated her concerns to the company as a whole
11 for purposes of the knowledge prong of the prima facie case);
12 see also Summa v. Hofstra Univ., 708 F.3d 115, 125-26 (2d Cir.
13 2013). Therefore, Kwan satisfied the knowledge prong of the
14 prima facie case.

15 This case is a good illustration of why corporate
16 knowledge is sufficient for purposes of a prima facie case of
17 retaliation. If that were not true, a simple denial by a
18 corporate officer that the officer ever communicated the
19 plaintiff’s complaint, no matter how reasonable the inference
20 of communication, would prevent the plaintiff from satisfying
21 her prima facie case, despite the fact that the prima facie
22 case requires only a de minimis showing.

23 The District Court also held that Kwan had not satisfied
24 the causation prong because she had adduced no facts plausibly

1 suggesting that the September 3 conversation with Alex
2 Silverman was causally related to her termination by Andrew
3 Silverman. However, even without direct evidence of
4 causation, "a plaintiff can indirectly establish a causal
5 connection to support a . . . retaliation claim by showing
6 that the protected activity was closely followed in time by
7 the adverse [employment] action." Gorman-Bakos v. Cornell
8 Coop. Extension of Schenectady Cnty., 252 F.3d 545, 554 (2d
9 Cir. 2001) (citation and internal quotation marks omitted);
10 see also Summa, 708 F.3d at 127-128.

11 The Supreme Court recently held that "Title VII
12 retaliation claims must be proved according to traditional
13 principles of but-for causation," which "requires proof that
14 the unlawful retaliation would not have occurred in the
15 absence of the alleged wrongful action or actions of the
16 employer." Univ. of Tex. Sw. Med. Ctr. v. Nassar, 133 S. Ct.
17 2517, 2533 (2013). However, the but-for causation standard
18 does not alter the plaintiff's ability to demonstrate
19 causation at the prima facie stage on summary judgment or at
20 trial indirectly through temporal proximity.

21 The three-week period from Kwan's complaint to her
22 termination is sufficiently short to make a prima facie
23 showing of causation indirectly through temporal proximity.
24 See Gorzynski, 596 F.3d at 110 ("Though this Court has not

1 drawn a bright line defining, for the purposes of a prima
2 facie case, the outer limits beyond which a temporal
3 relationship is too attenuated to establish causation, we have
4 previously held that five months is not too long to find the
5 causal relationship.”) (citations omitted); Gorman-Bakos, 252
6 F.3d at 554-55. Therefore, Kwan presented a prima facie case
7 for her retaliation claims.

8 Once the plaintiff has established a prima facie showing
9 of retaliation, the burden shifts to the employer to
10 articulate some legitimate, non-retaliatory reason for the
11 employment action. United States v. Brennan, 650 F.3d 65, 93
12 (2d Cir. 2011). In this case, the defendant has proffered the
13 plaintiff’s poor work performance, bad behavior, and Andalex’s
14 change in business focus as the legitimate non-retaliatory
15 reasons for the plaintiff’s termination.

16

17

2.

18 Andalex’s inconsistent and contradictory explanations for
19 the plaintiff’s termination, combined with the close temporal
20 proximity between the September 3 conversation and Kwan’s
21 termination, are sufficient to create a genuine dispute of
22 material fact as to whether Kwan’s September 3 complaint of
23 gender discrimination was a but-for cause of the plaintiff’s
24 termination.

1 Under the McDonnell Douglas framework, after the
2 defendant has articulated a non-retaliatory reason for the
3 employment action, the presumption of retaliation arising from
4 the establishment of the prima facie case drops from the
5 picture. See Weinstock v. Columbia Univ., 224 F.3d 33, 42 (2d
6 Cir. 2000). The plaintiff must then come forward with
7 evidence that the defendant's proffered, non-retaliatory
8 reason is a mere pretext for retaliation. Id.

9 The Supreme Court recently held that a plaintiff alleging
10 retaliation in violation of Title VII must show that
11 retaliation was a "but-for" cause of the adverse action, and
12 not simply a "substantial" or "motivating" factor in the
13 employer's decision. Nassar, 133 S. Ct. at 2526, 2533.
14 However, "but-for" causation does not require proof that
15 retaliation was the only cause of the employer's action, but
16 only that the adverse action would not have occurred in the
17 absence of the retaliatory motive.⁵

⁵ Prior to the Supreme Court's decision in Nassar, in order to demonstrate pretext, a plaintiff was only required to demonstrate that a retaliatory motive was "a substantial or motivating factor behind the adverse action[,]" Raniola v. Bratton, 243 F.3d 610, 625 (2d Cir. 2001) (internal quotation marks and citations omitted), rather than a "but-for" cause of the adverse action. In Nassar, the Supreme Court held that "Title VII retaliation claims must be proved according to traditional principles of but-for causation," and "[t]his requires proof that the unlawful retaliation would not have occurred in the absence of the alleged wrongful action or

1 A plaintiff may prove that retaliation was a but-for
2 cause of an adverse employment action by demonstrating
3 weaknesses, implausibilities, inconsistencies, or
4 contradictions in the employer's proffered legitimate, non-
5 retaliatory reasons for its action. From such discrepancies,
6 a reasonable juror could conclude that the explanations were a
7 pretext for a prohibited reason. See, e.g., Byrnie v. Town of

actions of the employer." Nassar, 133 S. Ct. at 2533. However, a plaintiff's injury can have multiple "but-for" causes, each one of which may be sufficient to support liability. See Fowler V. Harper et al., 4 Harper, James and Gray on Torts § 20.2, at 100-101 (3d ed. 2007) ("Probably it cannot be said of any event that it has a single causal antecedent") (collecting cases); W. Page Keeton et al., Prosser and Keeton on Torts § 41, at 264-66 (5th ed. 1984). Requiring proof that a prohibited consideration was a "but-for" cause of an adverse action does not equate to a burden to show that such consideration was the "sole" cause. See, e.g., Fagan v. U.S. Carpet Installation, Inc., 770 F. Supp. 2d 490, 496 (E.D.N.Y. 2011) (explaining that under the Age Discrimination in Employment Act "[t]he condition that a plaintiff's age must be the 'but for' cause of the adverse employment action is not equivalent to a requirement that age was the employer's only consideration, but rather that the adverse employment actions would not have occurred without it.") (citation omitted).

In this case, the parties have put forward several alleged causes of the plaintiff's termination: retaliation, unsuitability of skills, poor performance, and inappropriate behavior. The determination of whether retaliation was a "but-for" cause, rather than just a motivating factor, is particularly poorly suited to disposition by summary judgment, because it requires weighing of the disputed facts, rather than a determination that there is no genuine dispute as to any material fact. A jury should eventually determine whether the plaintiff has proved by a preponderance of the evidence that she did in fact complain about discrimination and that she would not have been terminated if she had not complained about discrimination.

1 Cromwell, Bd. of Educ., 243 F.3d 93, 105-07 (2d Cir. 2001)
2 (age and gender discrimination); Carlton v. Mystic Transp.,
3 Inc., 202 F.3d 129, 137 (2d Cir. 2000) (age discrimination);
4 Reeves v. Johnson Controls World Servs., Inc., 140 F.3d 144,
5 156-57 (2d Cir. 1998) (disability discrimination), superseded
6 by statute on other grounds as stated in Hilton v. Wright, 673
7 F.3d 120, 128 (2d Cir. 2012); EEOC v. Ethan Allen, Inc., 44
8 F.3d 116, 120 (2d Cir. 1994) (age discrimination) (collecting
9 cases).

10 In this case, Andalex offered shifting and somewhat
11 inconsistent explanations for Kwan's termination. Andalex
12 claimed throughout its Position Statement to the EEOC that
13 Kwan and Burton Garber were both terminated largely because of
14 Andalex's change in business focus from domestic real estate
15 to international gaming and hospitality. This was a
16 convenient explanation because it undercut any claim of gender
17 or national origin discrimination. However, Marks, Andalex's
18 CFO and Kwan's direct supervisor, later testified that Kwan,
19 unlike Garber, was not terminated because of a shift in
20 company focus. Marks's testimony directly contradicts
21 Andalex's main representation to the EEOC. Moreover, while
22 Kwan's poor performance on the Argentina and Mexico projects
23 became critical parts of Andalex's argument that Kwan had
24 performed poorly, those projects were never even mentioned to

1 the EEOC as reasons for Kwan's termination. "From such
2 discrepancies a reasonable juror could infer that the
3 explanations given by [Andalex] were pretextual." Ethan
4 Allen, 44 F.3d at 120; see also Byrnie, 243 F.3d at 106.⁶

5 Kwan's evidence of Andalex's inconsistent explanations
6 for her termination and the very close temporal proximity
7 between her protected conduct and her termination are
8 sufficient to create a triable issue of fact with regard to
9 whether the September 3 complaint was a but-for cause of her
10 termination. Temporal proximity alone is insufficient to
11 defeat summary judgment at the pretext stage. See El Sayed v.
12 Hilton Hotels Corp., 627 F.3d 931, 933 (2d Cir. 2010) (per
13 curiam). However, a plaintiff may rely on evidence comprising
14 her prima facie case, including temporal proximity, together
15 with other evidence such as inconsistent employer
16 explanations, to defeat summary judgment at that stage. See

⁶ The District Court addressed the inconsistencies in the defendant's stated reasons for the plaintiff's termination. The District Court noted Marks's denial that the shift in Andalex's business was a basis for the plaintiff's termination. The District Court found that Marks's statement was not inconsistent with Andrew Silverman's testimony that while the change in business was a factor that influenced his decision, the plaintiff's termination was due primarily to work performance issues. The District Court found these to be different but consistent explanations. This ignores that the thrust of the defendant's position before the EEOC was that the plaintiff was terminated because of a shift in the defendant's business, a rationale that was disowned by Marks, the plaintiff's direct supervisor.

1 Raniola v. Bratton, 243 F.3d 610, 625 (2d Cir. 2001) ("Under
2 some circumstances, retaliatory intent may . . . be shown, in
3 conjunction with the plaintiff's prima facie case, by
4 sufficient proof to rebut the employer's proffered reason for
5 the termination."); James v. N.Y. Racing Ass'n, 233 F.3d 149,
6 156-57 (2d Cir. 2000) ("[E]vidence satisfying the minimal
7 McDonnell Douglas prima facie case, coupled with evidence of
8 falsity of the employer's explanation, may or may not be
9 sufficient to sustain a finding of [retaliation]; . . . the
10 way to tell whether a plaintiff's case is sufficient to
11 sustain a verdict is to analyze the particular evidence to
12 determine whether it reasonably supports an inference of the
13 facts plaintiff must prove"); Quinn v. Green Tree Credit
14 Corp., 159 F.3d 759, 770 (2d Cir. 1998) (holding that a strong
15 temporal connection between the plaintiff's complaint and
16 other circumstantial evidence is sufficient to raise an issue
17 of fact with respect to pretext), abrogated in part on other
18 grounds by Nat'l R.R. Passenger Corp. v. Morgan, 536 U.S. 101
19 (2002).

20 Based on the discrepancies between the EEOC statement and
21 subsequent testimony, a reasonable juror could infer that the
22 explanation given by the defendant was pretextual, and that,
23 coupled with the temporal proximity between the complaint and
24 the termination, the September 3 complaint was a but-for cause

1 of Kwan's termination. Viewing the evidence in the light most
2 favorable to the plaintiff, as required on a motion for
3 summary judgment, there is sufficient evidence to require
4 denial of the summary judgment motion on the claims for
5 retaliation.⁷

6

7

II. COBRA Claim

8 The plaintiff's final claim is based on Andalex's alleged
9 failure to provide her with timely notice of her health
10 insurance continuation coverage rights as required under
11 COBRA. The District Court dismissed Kwan's COBRA claim
12 because there was no evidence that the plaintiff suffered harm
13 from her lack of coverage. Because Kwan has made no showing
14 of bad faith by Andalex or prejudice resulting from the lack
15 of notice, the District Court did not abuse its discretion in
16 dismissing Kwan's claim for statutory penalties.

17 We review the District Court's determination that a
18 plaintiff is not entitled to statutory penalties under 29
19 U.S.C. § 1132(c)(1) for abuse of discretion. See Demery v.
20 Extebank Deferred Comp. Plan (B), 216 F.3d 283, 290 (2d Cir.
21 2000). COBRA permits a qualifying employee to continue to

⁷ Because the plaintiff's claims survive under the Nassar "but-for" standard, we do not decide whether the NYSHRL claim is affected by Nassar, which by its terms dealt only with retaliation in violation of Title VII.

1 receive health benefits at the group rate even after the
2 termination of her employment. 29 U.S.C. §§ 1161(a), 1163(2).
3 The statute specifies that “the employer . . . must notify the
4 [health plan] administrator . . . within 30 days” of the
5 employee’s termination, id. § 1166(a)(2), and the
6 administrator must then notify the employee of her rights to
7 continuing coverage within 14 days, id. §§ 1166(a)(4), (c).
8 Under ERISA, of which COBRA is a part, a plan administrator
9 who fails to meet the COBRA notice requirements “may in the
10 court’s discretion be personally liable to such participant or
11 beneficiary in the amount of up to [\$110]⁸ a day from the date
12 of such failure or refusal” id. § 1132(c)(1); see
13 also Deckard v. Interstate Bakeries Corp. (In re Interstate
14 Bakeries Corp.), 704 F.3d 528, 534-37 (8th Cir. 2013).⁹

15 In assessing a claim for statutory penalties under ERISA,
16 a district court should consider various factors, including
17 “bad faith or intentional conduct on the part of the

⁸ The statute provides for a civil penalty of up to \$100 per day; however that amount has been increased to \$110 per day. See Adjusted Civil Penalty Under Section 502(c)(1), 29 C.F.R. § 2575.502c-1; De Nicola v. Adelphi Acad., No. 05 Civ. 4231, 2006 WL 2844384, at *7 (E.D.N.Y. Sept. 29, 2006).

⁹ We note that the parties have not raised the issue of whether Kwan is barred from recovery against Andalex because statutory penalties are only available against the plan administrator. See 29 U.S.C. § 1132(c)(1). We therefore decline to address that issue.

1 administrator, the length of the delay, the number of requests
2 made and documents withheld, and the existence of any
3 prejudice to the participant or beneficiary.” Devlin v.
4 Empire Blue Cross & Blue Shield, 274 F.3d 76, 90 (2d Cir.
5 2001) (quoting Pagovich v. Moskowitz, 865 F. Supp. 130, 137
6 (S.D.N.Y. 1994) (collecting cases)) (internal quotation marks
7 omitted); see also In re Interstate Bakeries Corp., 704 F.3d
8 at 534; De Nicola, 2006 WL 2844384, at *7-10; Chambers v.
9 European Am. Bank & Trust Co., 601 F. Supp. 630, 638-39
10 (E.D.N.Y. 1985) (collecting cases) (“The weight of authority
11 indicates that penalties are not imposed when a plaintiff has
12 failed to demonstrate that his rights were harmed or otherwise
13 prejudiced by the delay in his receipt of the information.”).

14 Applying these factors, we conclude that the District
15 Court did not abuse its discretion when it held that the
16 plaintiff was not entitled to statutory penalties. Kwan
17 presented no evidence of bad faith or intentional misconduct
18 by Paychex or Andalex. See Devlin, 274 F.3d at 90; In re
19 Interstate Bakeries Corp., 704 F.3d at 537.

20 Kwan has also failed to demonstrate prejudice resulting
21 from the lack of coverage. By the plaintiff’s own account,
22 she incurred medical bills of only a few hundred dollars. Had
23 she elected to receive coverage under COBRA, it is undisputed
24 that she would have had to pay premiums in the range of

1 hundreds or thousands of dollars each month. The plaintiff
2 therefore suffered no monetary loss from her failure to obtain
3 insurance coverage until she obtained new employment. See
4 Partridge v. HIP of Greater N.Y., No. 97 Civ. 0453, 2000 WL
5 827299, at *6 (S.D.N.Y. June 26, 2000), aff'd, No. 00-7920,
6 2001 WL 950682 (2d Cir. Aug. 14, 2001) (Summary Order). To
7 the extent Kwan alleges that she would have sought healthcare
8 had she had health insurance, her claim fails because she
9 presented no evidence to support this allegation. See In re
10 Interstate Bakeries Corp., 704 F.3d at 536. Therefore, the
11 District Court acted well within its discretion when it
12 dismissed the claim for statutory penalties because there was
13 no showing of bad faith and Kwan suffered no harm.¹⁰

14 CONCLUSION

15 We have considered all of the arguments of the parties.
16 To the extent not specifically addressed above, they are

¹⁰ Kwan was also not entitled to actual damages. The only damages that she could recover are based on the several hundred dollars of medical bills she allegedly incurred. However, "[t]o be eligible to collect the [unreimbursed medical bills], the plaintiff would need to pay the COBRA premium payments." Rinaldo v. Grand Union Co., No. 89 Civ. 3850, 1995 WL 116418, at *2 (E.D.N.Y. Mar. 8, 1995) (citing 29 U.S.C. § 1162(2)(C)). "Where, as here, [the] plaintiff is in a better position not having exercised [her] rights under COBRA, there can be no actual damages." Id.; see also Soliman v. Shark Inc., No. 00 Civ. 9049, 2004 WL 1672458, at *5 (S.D.N.Y. July 27, 2004).

1 either moot or without merit. For the reasons explained
2 above, we **AFFIRM** the judgment of the District Court dismissing
3 all claims, except we **VACATE** the judgment of the District
4 Court dismissing the retaliation claims. The case is **REMANDED**
5 for further proceedings consistent with this opinion.