

Thinking of alleging just cause as a negotiation strategy with a terminated employee? Think again!

Just cause is considered the “capital punishment” of the employment relationship. Accordingly, courts view any allegations of just cause very seriously and may punish employers who improperly allege just cause at the time of termination. Most recently in the case of *Morison v. Ergo-Industrial Seating Systems Inc.*, the court ordered an employer to pay \$50,000.00 in punitive damages for improperly alleging just cause at the time of termination.

In this case, the employee, a regional sales manager, was terminated after eight (8) years of service and relatively good performance. However, at the time of termination, the employer alleged just cause for poor performance, failing to meet sales targets, and abuse of a client account. The employer failed to present any evidence in support of its allegations. As a result, the court found the allegation of cause was fabricated by the employer and was alleged as part of the employer’s negotiation strategy. The court was also unimpressed by the employer’s failure to issue the employee’s Record of Employment in a timely manner, as well as the employer’s failure to pay any amounts owing under the Employment Standards Act, 2000.

In fact, the court was so unimpressed with the employer’s overall conduct; it awarded punitive damages in the amount of \$50,000.00, to punish the employer’s inappropriate conduct.

Employers must be candid, reasonable, honest, and forthright, with their employees at the time of termination. Just cause should not be alleged on a whim or without sufficient evidence, as doing so may open the Company to significant liability. While the above is one example of an improper allegation of cause, courts have previously awarded upwards of \$110,000.00 in punitive damages in other cases.¹ Prior to conducting any terminations, and in particular, any terminations for just cause, please contact e2r® to speak with an advisor.

¹ See *Boucher v. Wal-Mart Canada Corp.*