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Win for Flushing Bank in Unemployment Benefit Battle

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Hughes Hubbard scored a solid victory for Flushing Bank when an administrative law judge ruled that a fired worker should have been denied unemployment benefits.

On April 11, 2016, Administrative Law Judge Jean Bell overruled an initial determination by the U.S. Labor Department holding that Madhu Chowdry was eligible to receive unemployment benefits until she found another job earning at least 10 times her weekly salary.

Chowdry worked as a credit relations manager and vice president for the Queens branch of Flushing Bank for two years until November 2015, earning \$125,000 per year.

In July 2015, one of Flushing Bank's commercial loan customers claimed a loss arising from a burglary. An email from Chowdry, who was the bank's main contact with this customer, authorized the insurance company to send payment directly to the customer. But Chowdry did not follow the bank's commercial credit policy, which requires the bank's approval for such transactions and prohibits checks being sent directly from the insurance company to a borrowing customer. As a result of the transaction, Flushing Bank suffered a \$20,000 loss of inventory because a portion of the loan to the customer had to be written off.

When Flushing Bank found out about the transaction in September and confronted Chowdry, she denied sending the email. Although Chowdry's manager and co-workers would sometimes access her computer when she was absent or on vacation, she worked on the day the email was sent. The bank obtained a copy of the email received by the insurance company regarding release of payment but could not get a copy of Chowdry's response because she admittedly deleted those emails. The bank fired her in December for not following proper policies with regard to commercial credit and approval.

After the Labor Department determined Chowdry was eligible to receive unemployment benefits, Flushing Bank requested a hearing. On Feb. 29, Margot Warhit questioned Chowdry and established that she should be disqualified from receiving benefits because she was fired for misconduct and her wages could not be used to

establish a future claim for benefits.

Judge Bell sided with HHR and found credible Flushing Bank's argument that Chowdry sent the email to the customer and knew or should have known that such conduct violated the bank's policy. She also found that Chowdry's actions rose to the level of misconduct for unemployment insurance purposes and that she was fired under disqualifying circumstances.

"Accordingly, I conclude that the employer's objection contending that the claimant should be disqualified from receiving benefits because the claimant lost employment through misconduct in connection with that employment and that wages paid to the claimant by such employer cannot be used to establish a future claim for benefits should be sustained effective November 7, 2015," she ruled.

In addition to Warhit, Ned Bassen represented Flushing Bank in this matter.

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