THE HONORABLE RICARDO S. MARTINEZ

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION, Plaintiff, v. MICRO ENCODER, INC., Defendant.	CIVIL ACTION NO. CV04-2065RSM CONSENT DECREE [PROPOSED]

I. INTRODUCTION

1. This action originated when Brinkley Barr filed a charge of discrimination with the Equal Employment Opportunity Commission ("EEOC" or "Commission") on March 25, 2004. Mr. Barr alleged that Micro Encoder, Inc. ("MEI" or "defendant" or "the company") discriminated against him based upon his age in violation of the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, et seq. ("ADEA") when he was denied employment as an analog integrated circuits design engineer.

2. On September 1, 2004, the EEOC issued a letter of determination with a finding of reasonable cause to believe that MEI violated the ADEA. Thereafter, the EEOC attempted to conciliate the charge but was unsuccessful.

3. The Commission filed its complaint on September 30, 2004, in the United States District Court for the Western District of Washington at Seattle. The complaint

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alleges that MEI failed to hire Mr. Barr for the integrated circuits design engineer position in violation of the ADEA

4. MEI filed an answer denying the allegations of discrimination in the EEOC's amended complaint and asserting several affirmative defenses.

5. The parties want to conclude fully and finally all claims arising out of EEOC's complaint and Mr. Barr's charge of discrimination filed with EEOC. The EEOC and MEI enter into this consent decree to further the objectives of equal employment as set forth in the ADEA.

II. NONADMISSION OF LIABILITY AND NONDETERMINATION BY THE COURT

6. This consent decree is not an adjudication or finding on the merits of this case and shall not be construed as an admission by MEI of a violation of the ADEA.

III. JURISDICTION AND VENUE

7. Jurisdiction of this court is invoked pursuant to 28 U.S.C. §§ 451, 1331, 1337, 1343 and 1345. This action is authorized pursuant to Section 7(b) of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 626(b) (the "ADEA"), which incorporates by reference Sections 16(c) and 17 of the Fair Labor Standards Act of 1938 (the "FLSA"), as amended, 29 U.S.C. §§ 216(c) and 217.

IV. SETTLEMENT SCOPE

8. This consent decree is the final and complete resolution of all allegations of unlawful employment practices contained in Mr. Barr's discrimination charge, in the EEOC's administrative determination, and in the complaint filed herein, including all claims by the parties for attorney fees and costs. The scope of this consent decree will be limited to MEI's facilities in the state of Washington.

V. MONETARY RELIEF

9. In settlement of this lawsuit, MEI agrees to pay Brinkley Barr $82,750.00, representing back pay plus interest, liquidated damages, and front pay, less any legally

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required deductions, not later than 10 days following the date of entry of this consent decree. Mr. Barr and the company have executed a separate release of claims to which the EEOC is not a party.

VI. AFFIRMATIVE AND OTHER RELIEF

A. General Provisions

10. MEI, its officers, agents, and employees will not engage in practices which unlawfully discriminate against applicants and/or employees on the basis of age. In recognition of its obligations under the ADEA, MEI will institute, to the extent not already in place or being implemented, the policies and practices set forth below.

B. Anti-Discrimination Policies and Procedures

11. Defendant shall carry out anti-discrimination policies, procedures and training for employees, supervisors and management personnel, to the extent not already established, and will provide equal employment opportunities for all employees. As an ongoing commitment to equal employment opportunity ("EEO"), MEI will take steps to ensure that its managers and supervisors fully understand its EEO policies and how those policies define and identify what constitutes employment discrimination.

12. Not later than sixty (60) days after the entry date of this consent decree, MEI will: (a) review its EEO policy, and revise it if necessary, to ensure that it adequately prohibits discrimination against applicants and/or employees on the basis of age with respect to any term, condition or privilege of employment, and addresses MEI's obligation to provide a discrimination-free work environment for its employees; and (b) distribute, to the extent not already done, a written copy of its EEO policy to all employees, both management and non-management. MEI will provide EEOC with a written copy of its EEO policy as part of its first annual report as provided in paragraph 19 below.

C. Training

13. Not later than sixty (60) days after the date of entry of this consent decree, MEI will present to all managers and supervisors four (4) hours of training on employment

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discrimination, including discrimination against applicants and employees based on age. MEI shall also present three (3) hours of training on employment discrimination to all managers and supervisors annually thereafter for the duration of the decree. Managers and supervisors who have received such training within the 60 days preceding entry of this consent decree will have satisfied the training requirement for the first year of this decree if the EEOC determines the training was comparable. The EEOC will have an opportunity to review the training materials prior to the training date.

14. MEI will notify the EEOC of the completion of the training and will specify the names and job titles of the employees who participated in and completed the training as part of its annual reporting to the EEOC.

D. Expungement of Records

15. MEI will not disclose any information or make references to any charge of discrimination or this lawsuit in responding to requests for information about Brinkley Barr.

E. Policies Designed to Promote Supervisor Accountability

16. MEI agrees that it shall impose substantial discipline -- up to and including termination of employment, suspension without pay or demotion -- upon any supervisor or manager who discriminates against any applicant and/or employee on the basis of age or who retaliates against any person who complains or participates in any investigation or proceeding concerning any such conduct. MEI shall communicate this policy to all of its supervisors and managers.

17. MEI agrees that it shall continue to advise all managers and supervisors of their duty to ensure compliance with the company's EEO policy, and to report any incidents and/or complaints of discrimination or retaliation of which they become aware. Consistent with this commitment, MEI shall designate an individual ("hiring coordinator") to be responsible for all aspects of the hiring process, and this individual shall have training and experience in EEO management. The hiring coordinator will develop a formalized, written hiring procedure that describes each step of the hiring process as well as objective

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selection criteria for available positions. The hiring coordinator will ensure that all hiring managers understand these procedures and policies.

18. The company agrees to revise its employee appraisal process to include "commitment to equal employment opportunity" as a criterion for qualification and performance evaluation for employees holding supervisory positions.

F. Reporting

19. MEI shall report in writing to the EEOC on an annual basis beginning sixty (60) days following the date of entry of this consent decree the following information:

a. Certification that MEI completed four (4) hours of EEO training for managers and supervisors within sixty (60) days following entry of this decree and three (3) hours of training annually for each year thereafter for the duration of this decree. MEI will provide the lists of attendees for all such training.

b. Certification that its EEO policy has been distributed to all current and newly hired employees, together with a copy of the EEO policy described in paragraph 12 and the hiring procedures policy described in paragraph 17;

c. A list of any changes, modifications, revocations or revisions to its EEO policies and procedures which concern or affect the subject of discrimination or retaliation.

d. Engineer applicant information for the positions identified in Exhibit 1 that MEI filled during the annual period, including: name of applicant; application and resume submitted by applicant; whether the applicant received an offer of employment; and the reason(s) for the decision to reject or make employment offers to the applicant;

e. A statement listing the other provisions of this decree that MEI is required to perform and certifying that the company has complied with the terms of the decree. If MEI has not complied with any term of the decree, the statement will specify the areas of noncompliance, the reason for the noncompliance, and the steps taken to bring MEI into compliance.

G. Posting

20. MEI will post a Notice, attached as Exhibit 2 to this consent decree. The Notice shall be posted on a centrally located bulletin board at all MEI facilities within the state of Washington for the duration of the consent decree.

VII. ENFORCEMENT

21. If the EEOC determines that MEI has not complied with the terms of this

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consent decree, the EEOC will provide written notification of the alleged breach to MEI. The EEOC will not petition the court for enforcement of this consent decree for at least thirty (30) days after providing written notification of the alleged breach. The 30-day period following the written notice shall be used by the parties for good faith efforts to resolve the dispute.

VIII. RETENTION OF JURISDICTION

22. The United States District Court for the Western District of Washington shall retain jurisdiction over this matter for the duration of this consent decree.

IX. DURATION AND TERMINATION

23. This consent decree shall be in effect for three (3) years from the date the court enters it. If the EEOC petitions the court for breach of this consent decree, and the court finds MEI to be in violation of the terms of the consent decree, the court may extend the duration of this consent decree.

X. CONCLUSION

24. The parties are not bound by any provision of this decree until it is signed by authorized representatives of each party and entered by the court.

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Dated this 24th day of January, 2005.

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The court, having considered the foregoing stipulated agreement of the parties, HEREBY ORDERS THAT the foregoing consent decree be, and the same hereby is, approved as the final decree of this court in full settlement of this action. This lawsuit is hereby dismissed with prejudice and without costs or attorneys' fees to any party. The court retains jurisdiction of this matter for purposes of enforcing the consent decree approved herein.

DATED this _____ day of _____, 2005.

_____
THE HONORABLE RICARDO S. MARTINEZ
UNITED STATES DISTRICT JUDGE

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EXHIBIT 1

ENGINEERING POSITIONS COVERED BY MEI'S REPORTING OBLIGATIONS

Pursuant to Section VI.F.19.d., MEI will monitor and report any hiring activity during a reporting period with regard to any of the following job titles of engineering positions at MEI:

Analog IC Design Engineer

Electronics Engineer

Embedded Software Engineer

Mechanical Engineer

PCB Design Engineer

Principal Engineer

Senior Electronics Engineer

Senior Software Engineer

Senior Software Test Engineer

Senior Systems Engineer

Senior Technical Services Engineer

Senior Vision System Engineer/Technology Transfer Coordinator

Software Engineer

Software Test Engineer

Senior Photonics Engineer

Senior Project Engineer

Senior Vision Systems Research Scientist

Vision System Research Engineer

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EXHIBIT 2

NOTICE TO ALL EMPLOYEES

This notice is being posted pursuant to an agreement between Micro Encoder, Inc. ("MEI") and the U.S. Equal Employment Opportunity Commission, entered as the result of a resolution of a lawsuit in federal district court.

Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, the Equal Pay Act of 1963, and the Americans with Disabilities Act of 1990 are enforced by the EEOC and require the following:

> That there be no discrimination against any employee or applicant for employment because of the employee's race, sex, color, religion, national origin, age (40 and above), or disability with respect to hiring, firing, compensation, or other terms, conditions or privileges of employment.
>
> It is an unlawful employment practice for an employer to retaliate against any employees or applicants for employment because they have opposed a practice or because they have made a charge, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under these statutes.

MEI has instituted a training program to train its managers regarding the requirements of the above statutes.

MEI has posted this notice because the company supports and will comply with these federal laws in all respects.

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