

Wrongful Dismissal Lawsuit Against RBC Has Captivated Corporate Canada



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Sex, conflict of interest, high finance, big numbers. If we could only throw in drugs and rock 'n' roll, this story would have it all – a full sixfecta.

Even a trifecta was enough to make our front pages for the last week or so. The saga of [Royal Bank of Canada's](#) former CFO, Nadine Ahn, and her alleged lover, Ken Mason, have captured the interest and certainly the titillation of corporate Canada and beyond.

But what is the real story?

People are captivated and entranced by the \$50 million in Ahn's statement of claim, but that number is a meaningless chimera. Employees regularly add zeros to their damages claims, hoping to grab the company's attention. It costs nothing more to sue for \$500,000,000 than to sue for \$50,000. Employment lawyers will often woo their clients with such numbers, and both hope that, when a case ultimately settles for the \$60,000 it is worth, the company will be relieved and claim victory. Most employers are too sophisticated for that and such extravagant claims more often make the employer dig in intransigently.

I had a case last week in which a lawyer sued on behalf of a minimum wage hair dresser, claiming that the public had a right to know about alleged unsavory practices at the salon where they worked. That right would be foregone, however, if the company forked out \$1,600,000 for a weak claim that, on a good court day, might result in a judgment in the realm of \$5,000 – assuming the employee even won. (A settlement had previously been arrived at between the parties and the employee was a short service minimum wage worker.)

Now Ahn's case, if successful, might be worth far more than the hair dresser's. After all, courts award more to senior executives than to low level employees, and her remuneration might justify a significant award – but not \$50,000,000. And \$50,000,000 is a rounding error for RBC, unlikely to impact on its creditworthiness or saleability, so perhaps the figure was chosen to attract media attention and allow RBC to declare victory if it settles for any lesser amount.

This is not, like most dismissal cases, only about how much Ahn is entitled to. She was [fired for cause without severance](#) for allegedly being in an undisclosed close personal relationship with Mr. Mason and providing him with a promotion to vice-president and head of capital and term funding – elevating him above long-term peers as well as increasing his compensation without disclosing what would be, if true, a palpable conflict of interest. The case also garnered additional bandwidth because both are married with children.

Ahn sued claiming not only that she was [wrongfully fired with cause](#), but that the bank's allegations were false and the allegations had besmirched her reputation irreparably, preventing her from becoming RBC's CEO, for which she was a candidate. She claims she did not have an adequate opportunity to respond to the bank's assertions, which she says were motivated by stereotypical assumptions about male-female friendships.

She further claims that she was ambushed by the bank's investigators when called into what she had been informed would be a meeting with RBC's CEO, questioned for two hours while her laptop and cellphones were seized and provided no copy of the allegations against her.

In that, she is almost assuredly correct. [Workplace investigations](#) have become the wild west of [employment law](#) with no procedural protections and "investigators" motivated to prove their client's case against the unsuspecting employee. Employees subject to such "investigations" are generally shocked, anxious, deprived of legal counsel and the opportunity to speak to others and are, in my experience, usually eager to please the investigator so that life can, in their minds, return to normal. In reality, that will never be. Investigated employees virtually never return to their workplaces and the investigator builds the company's case hoping the employee simply gives up and resigns to avoid dismissal.

Of course, once Ahn's allegations were made public through the lawsuit, RBC had no option but to [defend its reputation](#) and argue its case publicly. It is now countersuing Ahn for \$3.3 million for performance based payments, as well as arguing that she improperly provided Mason compensation increases of 58 per cent over two years along with his promotion.

The bank cited intimate communications between them, including mutual declarations of love, and described how the two met outside of work, swapped romantic poetry and had pet names for each other. They also fantasized about a life together. Ms. Ahn had apparently confessed that she had fallen in love with Mr. Mason when she first saw him. RBC alleges that she taught Mason how to hide their text message notifications and warned him not to meet her when she was with her husband.

Ironically, according to RBC, Ahn fired an employee in 2022 because of that employee's undisclosed personal relationship with a subordinate, and later fired another employee without cause when that employee questioned her relationship with Mason. Perhaps that employee was the anonymous whistleblower who set this case in motion.

Ahn initially said during her investigation that Mason and she were simply friends and their communications were purely work related, then changed her story when texts were shown to her.

It's hard to imagine that either marriage will survive this public scandal – a lesson for employees on whether they really wish to issue public statements of claim.

As for the merits, if Ahn and Mason were in an undisclosed personal relationship,

even if not sexual, while she gave him promotions and raises, the lack of disclosure is certainly cause for her discharge and likely his as well. Conflict of interest is one of those grounds of misconduct most likely to be viewed as cause by a court. Similarly, dishonesty during an investigation can also be cause but, if the investigation was as shoddy and unfair as alleged, a court might have a different view on that.

From what I have read, RBC's case seems much stronger than Ahn's. But if RBC jumped too quickly to judgement and the investigation was indeed questionable and one sided, the tale might yet have a different ending, even if the payoff is not remotely close to \$50,000,000.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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