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Legal officer at Morgan quits June 10, 1999; 9:33 p.m. ET

Christine Edwards resigns in further fallout from \$1.35B discrimination suit

NEW YORK (CNNfn) - Morgan Stanley Dean Witter & Co. on Thursday said a probe by outside attorneys it had hired found no evidence laws were broken when the investment bank paid a police informant, but the company's chief legal officer has stepped down over the matter.

Christine A. Edwards, the chief legal officer of securities firm Morgan Stanley Dean Witter, resigned from her post Thursday, the company said.

Morgan Stanley's Chairman Philip J. Purcell and President John J. Mack asked Edwards to reconsider her decision, but she expressed the view that this matter "happened on my watch," Morgan Stanley said in a statement.

Edwards' resignation is the latest fallout from an investigation into a \$10,000 payment made in August 1998 by Morgan Stanley to Charles Joseph Luethke, whose tip led to the arrest of former employee Christian Curry, who is black, after he allegedly tried to plant racist e-mail messages into the firm's computers to bolster a discrimination suit he allegedly planned to file.

The charges were later dropped after prosecutors learned of the payment.

Curry, accused of expense-account fraud, was fired from his job as an analyst in early 1998, Morgan Stanley said. Curry maintains he was fired after nude pictures of him were published in a gay magazine. He recently filed a \$1.35 billion discrimination suit against the firm.

The outside investigation into the Luethke payment, conducted by independent counsel Paul Weiss, Rifkind, Wharton and Garrison, found Edwards "did not receive timely, complete information about the Luethke matter prior to the payment" nor was she "made aware of the District Attorney's requests for information after the payment," the company said in a separate statement Thursday.

Purcell and Mack asked Edwards to stay on at the firm in the role of advisory director, and named Michael H. Stone, senior vice president and general counsel of Dean Witter Reynolds as interim chief legal officer.

### 'No laws violated'

Among the other findings of its investigation, Paul Weiss did not find evidence of any violation of state or federal laws by Morgan Stanley, the company said.

Nor did it find evidence that the company's two top officers, Purcell and Mack, knew of the firm's dealings with Luethke until eight months after he received the \$10,000.

The investigation found, however, that payment was not reported to the police when it was made and that there was no evidence to suggest the District Attorney was advised of the payment until six weeks after it was made. As a result, investigators concluded, "subsequent communications with the District Attorney by the firm could have been more timely, cooperative and forthright," the company said.



### Sonnenborn resigns

After the investigation's findings were reported to Morgan Stanley on June 7, the firm said it accepted the resignation of Monroe Sonnenborn, whom Morgan Stanley described as "the senior-most employee directly involved with the Luethke payment."

Sonnenborn, who served as a managing director and general counsel for litigation and regulatory affairs, had been suspended on May 28, pending completion of the inquiry.

It was Sonnenborn who issued the payment to Luethke, but only after seeking the advice of the law firm Davis Polk & Wardell. Sonnenborn understood from the lawyers that the payment as a reward for Luethke's information would be legal if the informant was not to be a witness in the Curry case, the company said.

The payment was issued to Luethke after the police completed its undercover operation that led to Curry's arrest. ■

*— from staff and wire reports*

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