

UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

William R. Nodine v. Textron, Inc.

819 F.2d 347 (1st Cir. 1987) · No. No. 86-1461 · Decided May 26, 1987

SUMMARY

The First Circuit held that an employee discharged after reporting alleged criminal violations by his employer lacked standing to pursue civil RICO damages. The alleged predicate offenses did not directly cause the employee's discharge, so the injury was not suffered "by reason of" a RICO violation; the court affirmed dismissal and denial of leave to amend.

CASE DETAILS

COURT	United States Court of Appeals for the First Circuit
WRITING FOR THE COURT	Juan R. Torruella, Circuit Judge; Levin H. Campbell, Chief Judge; Pieras, District Judge, sitting by designation
JURISDICTION	Federal
DECIDED	May 26, 1987
DOCKET	No. 86-1461
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from dismissal of a civil RICO complaint and denial of motions for reconsideration and leave to amend.
STANDARD OF REVIEW	Dismissal was reviewed on the allegations of the complaint, assuming the alleged facts to be true; denial of leave to amend was reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Published precedential opinion of the United States Court of Appeals for the First Circuit
PARTIES	William R. Nodine v. Textron, Inc., Other defendants

TOPICS

- employment law
- wrongful termination
- retaliation
- standing
- civil procedure

PRACTICE AREAS

- RICO
- employment law
- civil procedure

QUESTIONS PRESENTED

1. Whether an employee discharged for reporting alleged criminal conduct by his employer has standing to seek civil RICO damages when the discharge was not caused by the alleged predicate offenses themselves.
2. Whether the district court abused its discretion by denying Nodine's motion to amend the complaint to cure alleged pleading deficiencies.

HOLDINGS

1. An employee discharged for reporting an employer's alleged criminal RICO predicate violations lacks standing to sue under 18 U.S.C. § 1964(c) when the discharge was not caused by the conduct constituting the alleged RICO violations.
2. The district court did not abuse its discretion in denying Nodine's motion to amend the complaint.

KEY QUOTATIONS

"We hold that, on the facts of this case, an employee discharged for reporting a criminal violation of his employer lacked standing to sue that employer under the RICO Act." (819 F.2d at 347)

"Firing Nodine under these circumstances was wrong, but it did not violate the RICO Act." (819 F.2d at 349)

"Thus, William Nodine was not 'injured in his business or property by the conduct constituting the violation.'" (819 F.2d at 349)

FACTUAL BACKGROUND

William Nodine was an area manager for Textron's Speidel division and discovered that the company routinely undervalued goods shipped to Canada in violation of Canadian customs laws. He reported the violations to company superiors and Textron's legal department and later identified them in an internal compliance letter. After refusing a request to change his statement, Nodine alleged that he was harassed, denied promotions and salary increases, and discharged in March 1981.

PROCEDURAL HISTORY

Nodine filed suit in the federal district court in Rhode Island seeking treble damages and attorney's fees under 18 U.S.C. § 1964(c), alleging that Textron's employment-related conduct constituted criminal RICO predicate offenses. After the magistrate judge issued recommendations and Nodine filed amended complaints, the district court dismissed the complaint, concluding that the § 1510 allegations lacked sufficient bribery allegations, the mail- and wire-fraud allegations lacked particularity under Federal Rule of Civil Procedure 9(b), and other statutory allegations had been waived. The district court denied Nodine's motion for reconsideration and motion to amend, and the First Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Haroco v. American National Bank & Trust Co., 747 F.2d 384, 398 (7th Cir. 1984), aff'd, American National Bank & Trust Co. v. Haroco, 473 U.S. 606 (1985)
- American National Bank & Trust Co. v. Haroco, 473 U.S. 606, 105 S. Ct. 3291, 87 L. Ed. 2d 437 (1985)
- Sedima, S.P.R.L. v. Imrex Co., Inc., 473 U.S. 479, 105 S. Ct. 3275, 3285-86, 87 L. Ed. 2d 346 (1985)
- Bankers Trust Co. v. Rhodes, 741 F.2d 511, 516 (2d Cir. 1984)
- Morast v. Lance, 807 F.2d 926, 932-33 (11th Cir. 1987)

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