



Corporate Owners Held Not Personally Liable For Wrongful Termination

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Corporate owners of an occupational and physical therapy clinic in Houston, Texas were not personally liable for wrongful termination of an employee who claims she was fired for refusing to perform an illegal act.

Natalie Naifeh had previously succeeded in obtaining a verdict against both the clinic as well as its corporate owners, who she claimed fired her after she repeatedly refused to sign altered treatment documents. Tanja and Shawn Saadat, who owned Physio GP, Inc. and Physio, Ltd. ("Physio"), denied Naifeh's allegations and claimed she was fired for performance infractions including unauthorized treatment on a patient and misuse of company time. The Saadats appealed the decision holding them personally liable.

On February 4, 2010, the Texas Court of Appeals in Houston reversed the decision and held the Saadats were not personally liable because Physio – not the Saadats – was Naifeh's employer. Texas is an "at will" employment state, which means, unless specifically contracted, either the employee or employer may terminate the employment. There are exceptions to this rule which prohibit termination for any illegal or discriminatory purpose.

In 1985, Texas courts introduced the *Sabine Pilot* doctrine which prohibits employers from terminating employees for the sole reason of refusing to perform an illegal act. Some jurisdictions have extended application of this prohibition to supervisors and other agents of the employer, making them personally liable for such terminations. The court of appeals noted the conflicting views among courts on this issue, but emphasized the employment relationship existed only between the employer and employee. Therefore, it determined under Texas law, only an employer, who wrongfully terminates the employee, is liable under the *Sabine Pilot* doctrine.

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