

FHFA Chief Wanted Sexual Favors For Pay Hike, Official Says

By **Braden Campbell**

Law360 (August 21, 2018, 7:57 PM EDT) -- A Federal Housing Finance Agency official on Monday alleged in D.C. federal court that agency director Melvin Watt demanded sexual favors in exchange for boosting her pay to match that of the man whose job she'd taken.

Simone Grimes, who claims she performed executive-level duties for years for about \$100,000 less in compensation than her immediate predecessor, accused Watt in an Equal Pay Act suit filed against the agency Monday of meeting her repeated requests for a salary increase with requests for sex. The FHFA regulates federally sponsored lenders Fannie Mae and Freddie Mac.

Grimes said in her complaint that whenever she brought her pay up to supervisor Bob Ryan, "he would state that the decision was with Director Watt; Director Watt would contact her to meet with him; and when she agreed to meet with him in the hopes of discussing the pay equity issue, he would sexually harass her." Grimes has separately complained about the alleged harassment to the FHFA's equal employment office, and her claims are pending, according to her suit.

Grimes' suit centers on her March 2015 promotion to special adviser for the FHFA's Division of Conservatorship after the prior officeholder, Larry Stauffer, became the agency's acting chief operating officer. Grimes claims she was offered two avenues to promotion: one that would make her an "acting executive" — at an executive salary — but that could be rescinded if Stauffer returned to his old job, and another that would permanently boost her pay on the nonexecutive wage scale.

Grimes took the latter option after Stauffer told her he would not be acting chief operating officer for long and Division of Conservatorship Deputy Director Wanda DeLeo said the nonexecutive position would mean a nearly 20 percent boost in pay, she claims. But the agency only raised her salary 5 percent and has since stonewalled her requests for the bigger raise, which would have put her in line with Stauffer, she claims. The FHFA now pays her about \$70,000 less per year in salary than Stauffer and more than \$100,000 less when factoring in benefits and bonuses, she alleges.

The suit accuses Stauffer of violating a law barring federal personnel with hiring authority from dissuading workers from applying for a job. Grimes alleges Stauffer did so to keep the acting executive position open for himself.

Grimes claims she asked Watt in January 2017 why she had not gotten a raise and that he responded "you didn't promise me anything, and I didn't promise you anything," which she said in her complaint referenced "the fact that she did not promise him sexual favors, so he did not promise her a pay increase." Her supervisor the next month gave her a glowing performance review and told her that Watt had been "dragging his feet" about putting her pay on a level with Stauffer's.

Following her promotion Grimes performed her old duties as a supervisory program management analyst and those of the Division of Conservatorship special adviser, she claims. The complaint says Grimes "performed these duties until Mr. Stauffer moved her office in January 2018 to the Office of the Chief Operating Officer."

Grimes' attorney, Diane Seltzer Torre, told Law360 on Tuesday that Grimes now has a "diminished" role and that the FHFA recently denied her a promotion to an executive position. She added that it's "mind-blowing" to think a federal official would make a raise contingent on a worker performing sexual favors for him.

"We have yet another bright, educated, experienced, extremely well-qualified woman who is being sexually harassed ... and her submission to that harassment is a condition of getting the pay parity to which she is otherwise entitled," Seltzer Torre said.

The suit alleges the FHFA violated the Equal Pay Act by paying Grimes less than Stauffer for the same work because of her sex, and by refusing to boost her pay in retaliation for her complaining internally about the alleged harassment. She asks for \$1 million, plus back wages and lost benefits.

Media outlets reported in late July that Watt is being investigated for sexual harassment. When asked for comment on Grimes' suit Tuesday, an FHFA spokesperson referred Law360 to a statement Watt issued last month denying wrongdoing.

The U.S. Department of Justice earlier this month in a stand-alone case asked a Virginia federal court to enforce an FHFA subpoena directing Grimes to turn over "audio recordings ... as well as other documents and material" relevant to its investigation into Watt. Seltzer Torre said Tuesday that Grimes has already given the agency an "enormous" amount of evidence, and that it only gave her a "short amount of time" to give more before it petitioned for enforcement.

Grimes is represented by Diane Seltzer Torre of the Seltzer Law Firm.

Attorney information for the FHFA was not available Tuesday.

The case is Simone Grimes v. Federal Housing Finance Agency, case number 1:18-cv-01946, in the U.S. District Court for the District of Columbia.

--Editing by Bruce Goldman.

Correction: An earlier version of this story misstated where the subpoena enforcement suit was filed. The error has been corrected.