Proskauer

Former Executive Secures $34.5 Million Settlement in Whistleblower Retaliation Case

Proskauer Whistleblower Defense on **April 17, 2025**

On March 20, 2025, in *Zornoza v. Terraform Global Inc. et al*, No. 818-cv-02523 (D. Md. Apr. 4, 2025), a former executive of two SunEdison subsidiaries secured a $34.5 million settlement over his SOX whistleblower retaliation claims.

Background

Carlos Domenech Zornoza (the "Executive"), the former President and CEO of two SunEdison subsidiaries, filed a whistleblower retaliation complaint with the U.S. Department of Labor in May 2016. He alleged under Section 806 of SOX that he had been terminated for raising, among other things, concerns about SunEdison's allegedly false reporting of its projected cash holdings to company officers, directors, and the investing public, as well as potential self-dealing transactions between SunEdison and its subsidiaries. In August 2018, the Executive asserted his claims against the two subsidiaries and SunEdison, as well as several individual officers and directors of the companies, in the U.S. District Court for the District of Maryland. He sought damages exceeding $35 million, including for back pay, interest, benefits, and lost stock grants.

In January 2025, after a two-week bench trial and rounds of motion practice, the court found for the Executive on the issue of liability, and set the damages phase of the trial for a later date.

Settlement

Immediately prior to the commencement of the damages phase, the Executive's counsel announced that the Executive had agreed to a whopping $34.5 million settlement, the largest documented settlement for a whistleblower retaliation claim under the statute.

Takeaway

The record-breaking settlement in this case, as well as the protracted length of the litigation, underscores the cost and potential damages implicated by alleged SOX violations. The settlement may also further embolden plaintiffs with purported SOX whistleblower claims to assert them in court, and inflate the value of such claims in the future.

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