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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SHIRLEY "RAE" ELLIS, LEAH
HORSTMAN and ELAINE SASAKI, on
behalf of themselves and all others
similarly situated,

Plaintiffs,

v.

COSTCO WHOLESALE
CORPORATION,

Defendant.

Case No. C-04-3341 MHP

**DECLARATION OF LEAH HORSTMAN
IN SUPPORT OF PLAINTIFFS' MOTION
FOR CLASS CERTIFICATION**

1 I, Leah Horstman, declare:

- 2 1. I make this statement on the basis of my personal knowledge and, if called as a witness,
3 could and would testify to its contents. I am female, and a resident of California. While
4 employed by the Price Club and Costco, I have also used the names Leah Reifman and
5 Leah Workman.
- 6 2. I worked for Costco for more than 23 years. My goal was to make my career at the
7 company as a Warehouse Manager. In June 2004, I resigned from Costco because I
8 believed that I had been held back and denied a fair chance at promotion because of my
9 gender. By the time I gave up on Costco, I felt that I had no more opportunities to move
10 up in the company, despite my outstanding performance on the job.
- 11 3. I was first hired in May 1981 as a part-time Caller at the Price Club store in Santee,
12 California. In the days before scanners, it was the Caller's job to call out item numbers to
13 the Cashiers. I was seventeen years old and still in high school. I continued working for
14 the company while I earned my college degree from San Diego State University. By the
15 time I finished college in 1987, I was working full time as a Vault Clerk in the Santee
16 warehouse. I was responsible for counting money, encoding checks, making deposits,
17 and providing change orders. Working in the vault gave me an opportunity to develop a
18 good working relationship with the Santee Warehouse Manager, Gordon Riddick.
- 19 4. I graduated from college in 1987 and I approached Mr. Riddick about my career options.
20 I told him that I had obtained my degree in Criminal Justice and I was considering
21 pursuing that line of work. Mr. Riddick convinced me that I should stay with the Price
22 Club. He told me that, with my college degree and my years of experience, I could have
23 a rewarding career and go very far in the company. I told him then, and many times
24 after, that my goal was to be a Warehouse Manager. On my 1987 performance
25 evaluation, I wrote, "I would like to pursue a management career with this company and
26 feel I have the qualifications to do so." Attached as Exhibit 1 is a true and correct copy
27 of my evaluation, entitled "Employee Progress Review," dated July 9, 1987.
- 28

- 1 5. At this time, to my knowledge, there were no stated criteria for how to move up in the
2 company. Without any guidance, I decided on my own to find someone higher up in the
3 company to mentor me. The relationship I had with my Warehouse Manager, Mr.
4 Riddick, was very valuable because he was in a position to help move my career forward.
5 Under Mr. Riddick, I worked as Membership Lead, Marketing Lead, Electronic Data
6 Processing Lead, and Administrative Lead. All of these positions were hourly positions,
7 and the transfers were all lateral moves. However, I believed the knowledge I was
8 acquiring in a number of areas would lead to promotions. I continued to confirm with
9 Mr. Riddick my goal of becoming a Warehouse Manager. On my 1989 performance
10 review, Mr. Riddick wrote, "Leah has expressed definite desire to progress within the
11 Company and might possibly be willing to relocate." Attached as Exhibit 2 is a true and
12 correct copy of a portion of my evaluation, dated December 26, 1989 (First page
13 missing).
- 14 6. In 1990, I had an opportunity to transfer to Price Club's corporate office in San Diego. I
15 spoke with Mr. Riddick and expressed concern that this would not further my goal of
16 becoming a warehouse manager. Mr. Riddick told me that this would be a great
17 opportunity for me, because I would be working directly with the top management of the
18 company. Mr. Riddick explained that promotion opportunities often depend on your
19 personal relationships with the high-level managers, so working in the corporate office
20 would be a fast-track to my ultimate goal of being a Warehouse Manager.
- 21 7. My first salaried position was at the Price Club San Diego corporate office as a Workers'
22 Compensation Associate in the Human Resources office, a position I held from mid-1990
23 to October 1991. In December 1991 I returned from a maternity leave, taking on a new
24 position in the Warehouse Operations department as Safety/Workers' Compensation
25 Coordinator for West Coast Warehouse Operations. My colleague Chuck Bernardy and I
26 developed a program for training and auditing warehouse workers' compensation
27 practices. In this position, I traveled throughout the United States and received very
28 positive feedback about my performance. At this point, Mr. Bernardy and I were at the

1 same level in the Price Club hierarchy. Like so many men I have worked with at the
2 company, Mr. Bernardy's rapid rise in the company over the subsequent years stands in
3 stark contrast to my experience with Costco.

4 8. In 1993, Price Club merged with Costco and the company eliminated the positions that
5 Mr. Bernardy and I held. I told my supervisors that I wanted to return to a warehouse to
6 pursue my goal of becoming a Warehouse Manager. Given my excellent performance at
7 the corporate office and earlier at the warehouse, I was confident that I would move up
8 rapidly.

9 9. By the time my position was eliminated in 1993, my former manager, Gordon Riddick,
10 was the Warehouse Manager of a different store in the region, the Southeast San Diego
11 warehouse. Southeast San Diego was the lowest volume warehouse in the area. Mr.
12 Riddick accepted me as Assistant Receiving Manager at that location and, after a short
13 time, rotated me to Assistant Front End Manager.

14 10. The next position Mr. Riddick wanted me to take was Membership Manager. At this
15 point, I had been working for Price Club/Costco for thirteen years and I had begun to
16 notice that women were often kept in the front end jobs, like membership and
17 administration. I believed that, in order to move up in the company, I had to have
18 experience merchandising the warehouse. I begged Mr. Riddick to give me a chance to
19 develop my skills as a merchant. Because I fought hard for it, Mr. Riddick gave me the
20 Non-Foods Merchant position in 1994.

21 11. As Non-Foods Merchant at the Southeast San Diego warehouse from 1994 to 1995, I
22 oversaw two departments: hard lines and center. My shift started between midnight and
23 4:00 a.m., depending on what merchandise needed to be moved. My supervisor at the
24 time was Frank Salas, the Merchandise Manager. Mr. Salas's shift started at 6:00 or 7:00
25 a.m. each day. Our merchandising team placed in the prestigious Van Tour competition
26 for the best-merchandised warehouse in October 1994.

27 12. Shortly after Mr. Riddick rotated me into merchandising, he left the Southeast San Diego
28 warehouse. In June 1994, Fidel Cardoso replaced him as Warehouse Manager. For the

1 entire period that Mr. Cardoso managed the Southeast San Diego warehouse, I was
2 neither rotated nor promoted. When Mr. Salas left the warehouse and the Merchandise
3 Manager position opened up, I told Mr. Cardoso that I was interested in the position and
4 qualified for it. There was no application process and I was not interviewed for the
5 position. Mr. Cardoso did not tell me I was unqualified, but he declined to promote me.
6 He gave the Merchandise Manager position to a man who was transferring from another
7 state. Mr. Cardoso did not tell me what, if anything, I needed to do to obtain a
8 promotion. He simply left me as the Non-Foods Merchant.

9 13. In August 1995, Mr. Cardoso left the Southeast San Diego warehouse and Doyle Duvall
10 became the new Warehouse Manager. In contrast to the complete lack of movement
11 under Mr. Cardoso's management, Mr. Duvall expressed an intention to immediately
12 promote me to senior management. Mr. Duvall met with me and discussed my career
13 goals. He promoted me to my first senior-staff management position at Costco,
14 Administrative Manager, in March 1996. There was no job posting or bidding process
15 for this promotion.

16 14. By the time I was promoted to Administrative Manager in 1996, I had been working for
17 the company for fifteen years and I had excellent performance reviews. Attached as
18 Exhibit 3 is a true and correct copy of my evaluation, entitled "PriceCostco Performance
19 Evaluation," dated April 15, 1996. At that point, my former co-worker, Chuck Bernardy,
20 had already been rotated through all four senior staff manager positions.

21 15. In August 1996, after I had worked as Administrative Manager for a short time, Mr.
22 Duvall rotated me into the Merchandise Manager position. Once again, I received very
23 high performance reviews. On my 1997 performance evaluation, Mr. Duvall wrote,
24 "Leah has done an excellent job as Merchandise Manager.... She sets an excellent
25 example to all she works with." Attached as Exhibit 4 is a true and correct copy of my
26 evaluation, entitled "PriceCostco Performance Evaluation," dated May 3, 1997.

27 16. In February 1998, Mr. Duvall rotated me into the Receiving Manager position. I believed
28 this was the last position I needed to hold before being promoted to Assistant General

1 Manager. On my 1998 performance evaluation, Mr. Duvall wrote, "Leah is a self-starter
2 and needs very little supervision, direction, planning, or teaching.... She sets strong
3 goals for her employees and is a very good teacher." Attached as Exhibit 5 is a true and
4 correct copy of my evaluation, entitled "Costco Performance Evaluation," dated May 15,
5 1998.

6 17. In mid-1998, I approached Shirley Murgia, then District Vice President for San Diego,
7 and told her I was willing to do whatever it took to become an Assistant General
8 Manager. I made it clear that I was willing to move to Texas, where Costco was planning
9 to open several new warehouses. Ms. Murgia told me that I had to prove myself in a
10 high-volume store. Before she retired, Ms. Murgia helped me to transfer from the low-
11 volume Southeast San Diego warehouse to the high-volume Santee warehouse in
12 September 1998.

13 18. By this time, my former colleague Chuck Bernardy had been promoted to Assistant
14 General Manager of a San Diego-area store.

15 19. I excelled in my position as Merchandise Manager at the Santee warehouse from
16 September 1998 to September 2001. This was the second time I held that position and,
17 by this point, I had quite a bit of experience. Under my direction, the warehouse won the
18 1998 Van Tour Prize for the best-merchandised sales floor in the region. I had
19 accomplished what Regional Vice President Murgia had advised me to do: to make a
20 name for myself at a high-volume store. I believed I would be promoted to Assistant
21 General Manager soon.

22 20. Unfortunately, the Warehouse Manager at Santee, Joe Rodriguez, transferred out of the
23 store shortly after I arrived. Joe Utschig took his place. Once again I felt like I had to
24 start from scratch proving myself to a new manager. I believed that my career path
25 depended on the whim of the man in charge of my warehouse.

26 21. During this period, there was no system for posting management job openings or
27 applying for them. By the time I heard about an opening for Assistant General Manager,
28 in the same breath I would hear that it was already filled.

1 22. In June 2000, shortly after winning the Van Tour Prize, I learned that an Assistant
2 General Manager position had opened up at the Rancho Del Rey warehouse in the San
3 Diego area and that the position had been given to Kevin Hoffman. I had been with the
4 company many years longer than Mr. Hoffman and had more senior manager experience.
5 With my high benchmark and leadership skills, I felt that I should have been considered
6 for this promotion.

7 23. I approached Dennis Zook, Executive Vice President of the Southwest Division, and
8 asked him why I had been passed over for the promotion. I had worked with Mr. Zook at
9 Price Club headquarters in the early 1990's. He reassured me that I was primed to
10 become an Assistant General Manager and I would receive a promotion soon.

11 24. Mr. Zook called Ron Vachris, who had replaced Shirley Murgia as District Vice
12 President for San Diego, and arranged for me to meet with Mr. Vachris and Warehouse
13 Manager Utschig. I discussed with the two men whether I was ready to move up to
14 Assistant General Manager. I asked Vice President Vachris whether I would be held
15 back because I had never been a Front End Manager. Mr. Vachris told me that my
16 experience as Assistant Front End Manager was sufficient. I was relieved to hear this,
17 because I was repeatedly told that the Front End Manager position required working five
18 nights a week. That was the one and only job I was not able to do at that time because I
19 was a single mom caring for my nine-year old and twelve-year old daughters.

20 25. I worked as Merchandise Manager at the Santee warehouse for three years. In September
21 2001, the Warehouse Manager, Joe Utschig, rotated me to Receiving Manager, where I
22 worked a shift from 4:30 a.m. to 2:30 p.m. Once again, this was the second time I had
23 worked the position. I was increasingly concerned that I was being passed over for
24 promotions that I deserved.

25 26. In 2000 and 2001, Costco was expanding its operations into the Texas market. Vice
26 President Mario Omass sent an e-mail to senior managers asking if anyone was interested
27 in moving to Texas to help open the warehouses and move up in the company. I sent a
28 reply e-mail to Mr. Omass telling him I was interested in moving to Texas and I would

1 like to be interviewed when his team came through the San Diego area looking for
2 applicants. I received no response whatsoever and I was never interviewed.

3 27. At Santee, Mr. Utschig and I did not have a good working relationship. I found his
4 personality very difficult. In early 2002, Fidel Cardoso called the Santee warehouse and
5 communicated to me and Mr. Utschig that Mr. Cardoso wanted me to move to Rancho
6 Del Rey to take a position there as Merchandise Manager. While this request spoke
7 highly of my skills as a merchant, I did not want to transfer to Rancho Del Rey; I had
8 been Merchandise Manager twice already, I had a total of seven years of merchandising
9 experience, and I believed that Mr. Cardoso would not advocate for my promotion to
10 Assistant General Manager. In addition, Mr. Cardoso had made me feel uncomfortable in
11 the past by suggesting that he was physically attracted to me.

12 28. When I told Mr. Utschig that I was not going to accept Mr. Cardoso's offer, he told me
13 he was going to transfer me to Front End Manager. I had already told him that I could
14 not work the Front End position because of the late night hours he said it required, and I
15 perceived Mr. Utschig's statement as his way of trying to get me out of his warehouse. I
16 again told Mr. Utschig that I could not take the Front End Manager position because I
17 needed to care for my two daughters. He said, "McDonald's is hiring."

18 29. I called Mr. Zook and told him that I felt Mr. Utschig was threatening my career. Mr.
19 Zook spoke with District Vice President Ron Vachris, who transferred me to the La Mesa
20 warehouse almost immediately. On my last day of work at Santee, February 19, 2002,
21 Mr. Utschig's Assistant General Manager, Kevin Hoffman, gave me an unexpected,
22 unscheduled performance review. It was the only negative review I received in twenty-
23 three years of employment at Costco. I felt I had been retaliated against for using the
24 open door policy and going over my Warehouse Manager's head.

25 30. On that same performance evaluation, I wrote, "Short term I would like to continue to
26 balance my family and career until such time that I am available to pursue my long term
27 goal of Asst. Manager / Whse Manager." I made this comment directly in response to
28 Mr. Utschig, who had told me that he would not promote me to Assistant General

1 Manager until I held the Front End Manager position. I had no scheduling conflicts with
2 the Assistant General Manager position, which I felt fully qualified to take on. However,
3 Mr. Utschig had defined his criteria for promotion to include the single position I was
4 unable to fill. As a result, I felt I had to put on hold my expectation of advancement, or
5 risk losing my career altogether.

6 31. I was transferred to the La Mesa warehouse in February 2002, as Receiving Manager.

7 Like former District Vice President Shirley Murgia and District Vice President Ron
8 Vachris, the La Mesa Warehouse Manager, Rick Carlson, told me that I was qualified to
9 move up in the company. Mr. Carlson said that it was his goal to see me promoted to
10 Assistant General Manager within the year.

11 32. Mr. Carlson was transferred to the corporate office just two months later, in April 2002,
12 before he could promote me to Assistant General Manager. Fidel Cardoso was the next
13 Warehouse Manager of the La Mesa warehouse. Within a year and a half, both of La
14 Mesa's Assistant General Managers left. Thus, there were two Assistant General
15 Manager openings in my own store, for which I was plainly qualified. I was passed over
16 for both positions. I had been working for Costco for 21 years at this point. Chuck
17 Bernardy, my former colleague, was by then a Warehouse Manager.

18 33. Mr. Cardoso did not promote me during the two years I worked for him at the La Mesa
19 store, from April 2002 to April 2004. He did not rotate me to any other position. When I
20 spoke with Mr. Cardoso about my short-term goal of being promoted to Assistant
21 General Manager, he replied that I needed more experience on the front end. I explained
22 to him that both Mr. Vachris and Mr. Carlson had told me I was ready to be promoted
23 right then. Mr. Cardoso did not change his mind; he continued to operate under his own
24 loosely-defined criteria for promotion.

25 34. I continued to work as Receiving Manager during this period and received stellar
26 reviews. In my 2003 performance review, Mr. Cardoso described me as "the
27 knowlegable [sic] senior manager in the Frontend [sic], Administration and
28

1 Merchandising departments.” Attached as Exhibit 6 is a true and correct copy of my
2 evaluation, entitled “Performance Appraisal,” dated March 3, 2003.

3 35. On my 2003 evaluation, I wrote, “My short term goals are to remain in departments that
4 allow me to balance both work and the raising of my two daughters for the next 4-5
5 years. After that, I would like to continue growing in the Company.” I wrote this
6 because Mr. Cardoso had told me he would not advocate for my promotion until I rotated
7 through the Front End Manager position. I was eager and available to fill the Assistant
8 General Manager position, but I was not able to fill the Front End Manager position,
9 which I was told required working five nights a week. I believe Mr. Cardoso gave me a
10 false choice between remaining a Receiving Manager or rotating to Front End Manager,
11 knowing that I could not do the latter. This false choice was yet another example of
12 Costco’s shifting and inconsistent promotion criteria. I responded to it the only way I
13 knew how: by continuing in my current job, holding myself to the highest level of
14 excellence, and looking for promotion opportunities wherever they arose.

15 36. On one occasion in 2003, Mr. Cardoso called me into his office. He asked me to shut the
16 door so that we could discuss personnel matters. After a few minutes, Mr. Cardoso asked
17 me to come around to his side of the desk, so he could show me something. When I got
18 to his side, he grabbed me by the back of my neck and began trying to kiss me. As he did
19 so, he unzipped his slacks and exposed himself to me. With his hand behind my neck, he
20 tried to push my head down toward his private parts. I pulled away from him as quickly
21 as I could and got free of his grip. Utterly in shock, I walked out of Mr. Cardoso’s office
22 without saying anything. I left the warehouse immediately.

23 37. I did not speak to anyone about this incident. Shortly before Mr. Cardoso assaulted me,
24 another woman manager in the La Mesa warehouse had filed a complaint alleging that
25 Mr. Cardoso sexually harassed her at work. I had seen how this woman, Susan
26 McManus, was treated after her complaint. She was ridiculed and disrespected by
27 members of management. It appeared to me that her career was utterly ruined the
28 moment she brought the sexual harassment charge. To my knowledge, Ms. McManus

1 has never advanced beyond the Assistant Front End Manager position, despite her twelve
2 years of service to Costco. I was afraid I would meet the same fate if I came forward
3 about my own experience. I felt my career would be destroyed. I recalled my own
4 experience in 2002, when I believe I was retaliated against for complaining to Regional
5 Vice President Vachris about my Warehouse Manager, Joe Utschig. Being a single mom
6 with a twenty-two year investment in Costco was enough to keep me quiet.

7 38. For many months I continued to work for Costco, but my hope was dwindling that I
8 would ever be promoted fairly. I had spent twenty-three years communicating my goals
9 to company officials, working very hard in many positions, performing excellently, and
10 receiving stellar reviews. I had been promised promotions by some of my managers,
11 only to then have my career stalled when new managers transferred in. Costco did
12 nothing to make sure that I was promoted on the basis of my skills, my experience, and
13 my ambition.

14 39. In early 2004, Regional Vice President Ron Vachris walked through the La Mesa
15 warehouse and suggested that I be rotated back into merchandising to straighten out the
16 sales floor. I was delighted, as I felt my skills and experience were being recognized.
17 Just a few weeks later, however, in April 2004, Fidel Cardoso transferred out of the La
18 Mesa warehouse and Tim Malbouef became the Warehouse Manager. I took a one week
19 vacation, and when I returned to work I learned that Mr. Malbouef was bringing in
20 multiple senior-level managers to work with him—people he had worked with in his
21 previous warehouse in Southeast San Diego. Disregarding Vice President Vachris’
22 suggestion, Mr. Malbouef decided to leave me in receiving instead of rotating me into
23 merchandising or promoting me. Once again, I felt that my many years of extraordinary
24 work and success were being overlooked, and that I could not reasonably expect to ever
25 receive the promotion I had earned.

26 40. On June 1, 2004, I resigned from Costco because I did not believe I would ever be
27 promoted to Assistant General Manager or Warehouse Manager. I promised myself that I
28 would leave the job when it was no longer fun and challenging. It was no longer fair, and

1 I had given up on the idea that my hard work would be recognized. I had done
2 everything I could to earn the promotion: I had excelled at every position I was given, I
3 had expressed my interest in promotion to every Warehouse Manager with whom I ever
4 worked, I had spoken to several vice presidents, all of whom promised me future
5 promotions. By summer 2004, I had to accept that I would never break through to the
6 Assistant General Manager or Warehouse Manager positions. Without a fair chance at
7 advancing at Costco, I decided to start over and pursue my career goals with another
8 company.

9 41. On or about October 4, 2004, I filed a Charge of Discrimination with the Equal
10 Employment Opportunity Commission (EEOC) through my attorney. Attached as
11 Exhibit 7 is a true and correct copy of the EEOC charge dated, October 4, 2004.
12 Attached as Exhibit 8 is a true and correct copy of the Notice of Right to Sue which I
13 received from the EEOC.

14 42. My eldest daughter is now older than I was when I first went to work for Price
15 Club/Costco. I hope that Costco will change its policies to ensure that women can move
16 up in the company in the same way as men. I do not want my daughters held back the
17 way I was.

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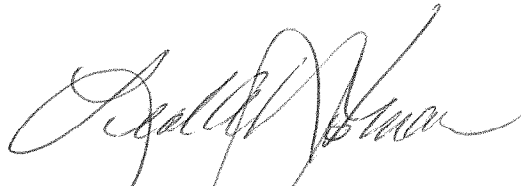
43. I decided to be a named plaintiff /in this lawsuit because I do not believe Costco will correct its policies on its own. I was not successful in overcoming the company's discriminatory practices in my twenty-three years as an employee. I believe that a class action lawsuit is the only way to achieve equal promotion opportunities for women at Costco. My primary goal in joining this lawsuit as a named plaintiff is to change Costco's policies and practices so that women employees are treated fairly.

44. I understand my responsibilities as a named plaintiff and I am prepared to fulfill them.

I declare under penalty of perjury of the laws of the United States of America and the State of California that the foregoing is true and correct.

This Declaration was signed by me on August 25, 2006, at

Descanso, California.



Leah Horstman