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Wal-Mart Fights Back Over Firings

By LOUISE STORY and MICHAEL BARBARO

<u>Wal-Mart</u> asserted yesterday in a court filing that two of its former top marketing officials had engaged in a sexual relationship during the process of selecting new advertising agencies and had sought jobs with one of the agencies they ultimately recommended.

The legal brief directly contradicted the statements the executives have made since they were fired late last year.

Wal-Mart accused Julie Roehm and Sean Womack, the two executives, of extending their visits with Draft FCB, an ad agency involved in the review, to spend more personal time together and to promote themselves to the agency as job candidates.

"Instead of working solely in Wal-Mart's interest," the company said, Ms. Roehm "frequently put her own first. She did not merely fail to avoid conflicts of interest, she invited them."

Wal-Mart backed up its assertions with what it said were e-mail messages sent by Ms. Roehm and Mr. Womack, both married, from their work and private accounts.

"I hate not being able to call you or write you," Ms. Roehm wrote early last fall, according to an e-mail message Mr. Womack's wife provided to Wal-Mart. "I think about us together all the time. Little moments like watching your face when you kiss me."

Reached yesterday in Las Vegas, Ms. Roehm denied Wal-Mart's accusations of an affair with Mr. Womack, and she said she had not had job discussions with Draft FCB.

"There was never any discussions about us going to work with them full time," said Ms. Roehm. "I know what e-mails they have, and that's not at all what they prove."

The fallout between Wal-Mart and Ms. Roehm, considered by many to be a rising star in marketing, shook the advertising world because Ms. Roehm had overseen Wal-Mart's \$580 million ad agency selection in the fall. After Wal-Mart fired Ms. Roehm, it also fired Draft FCB, the <u>Interpublic Group</u> agency she had selected for the most important part of the assignment. Wal-Mart has since reassigned the business.

Ms. Roehm sued Wal-Mart for firing her shortly after her dismissal, asserting that the company had not given a valid reason and owed her money under her contract with Wal-Mart.

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Wal-Mart said yesterday in its request to file a counterclaim against her that it would seek compensation from Ms. Roehm for legal fees in the case and for other damages, possibly the extra expenses Wal-Mart incurred redoing the advertising account review.

In its filing, Wal-Mart described Ms. Roehm and Mr. Womack as executives determined to advance their careers, even at the expense of Wal-Mart's reputation — by, for example, accepting expensive bottles of vodka and dinner at exclusive restaurants.

Ms. Roehm, in responding to Wal-Mart's assertions, said that she was hoping to "settle this amicably and move on."

Mr. Womack did not return a call for comment. He was scheduled to give a talk, "Marketing 2.x: Living Between the Internet Age and What Comes Next," alongside Ms. Roehm and top marketing executives from companies like <u>Xerox</u> at a conference in Las Vegas yesterday.

The pair are also listed as speakers at a conference today in Los Angeles. They have been working together part time as marketing consultants since being fired.

Wal-Mart said in the filing that Ms. Roehm and Mr. Womack had lengthy career discussions with Tony Weisman, then the global growth officer of Draft FCB, and that those discussions had tainted the agency review process. Wal-Mart also asserted that Ms. Roehm shared internal company e-mail messages with Mr. Weisman and Mr. Draft, the chief executive of Draft FCB.

Mr. Womack wrote e-mail messages to Mr. Weisman signing them "Sean and Julie" that discussed the two leaving Wal-Mart to work in a venture with Draft FCB, Wal-Mart said in its filing. In one message cited, he said they would want an equity stake and discussed timing: "What do the next 60-360 days look like for your guys? When will it be too late?" he wrote in August.

Wal-Mart also said that Draft FCB officials had paid for more than \$2,000 in meals for Ms. Roehm and Mr. Womack. On one night alone in August 2006, the company said, the ad agency spent \$1,100 on dinner and drinks for the pair — \$700 at LuxBar in Chicago, then \$440 on drinks at the Peninsula Hotel. Both the gifts and alleged affair violate Wal-Mart's ethics policies.

A spokesman for Interpublic, the parent of Draft FCB, said that the company had provided e-mail messages to Wal-Mart for the inquiry.

"In his business development role, Mr. Weisman did not have the authority to start new ventures, or make commitments to offer up senior level opportunities within the agency," said Philippe Krakowsky, the spokesman for the Interpublic Group. "Any promises Mr. Weisman may have made were not sanctioned by his company's senior management or discussed with Interpublic." Mr. Weisman left Draft FCB in December and is now the head of <u>Digitas</u> Chicago, part of the <u>Publicis Groupe</u>. He declined to comment. Last October, after a prolonged search process, Wal-Mart hired Draft FCB and Carat USA, part of the Aegis Group. Both agencies were dismissed in December just days after Wal-Mart fired Ms. Roehm.

Wal-Mart allowed Carat USA to participate in the second agency selection but did not reconsider Draft FCB. Wal-Mart announced new selections weeks later — the Martin Agency, part of the Interpublic Group, and MediaVest, part of the Publicis Groupe.

Mona Williams, Wal-Mart's spokeswoman, said the company did not originally intend to divulge the details of what she called Ms. Roehm's "flagrant personal and professional misconduct." But Ms. Roehm's suit against Wal-Mart, Ms. Williams said, forced the company to respond. "We have no choice but to share the real story of what happened," Ms. Williams said.

Mr. Womack arrived at Wal-Mart in late 2005 as a temporary contract employee in the marketing department. He was also employed by Saatchi X, an ad agency, at that time. Ms. Roehm took a job soon after. According to the suit, Ms. Roehm and Mr. Womack — two self-described East Coast urbanites — plunged into the alien world of northwest Arkansas and quickly became close.

In February 2006, Ms. Roehm told Mr. Womack in an e-mail message that she was "smiling because I am so happy you are here with me. :)))."

Mr. Womack, who sought to become a full-time employee under Ms. Roehm, wrote in an email message that "there are two reasons I want to come here and you are at the top of the list," adding "it is really hard for me to say no to you."

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