

Maximus CEO Fired Over Conduct Toward Worker

Female Employee Got Settlement; Ex-CFO to Lead Firm

By CHARLES R. BABCOCK
Washington Post Staff Writer

Maximus Inc., a Reston-based state and local government contractor, has fired its chief executive because of his conduct toward a female employee.

Lynn P. Davenport, who has been president of the company since October 2003 and became chief executive a year later, was terminated Friday, according to Maximus spokeswoman Rachael Rowland. She said the company learned of the allegation in the past couple of weeks and the board of directors "took swift action because we have a zero-tolerance policy" for misconduct.

Rowland declined to name the woman or describe the nature of the misconduct. The woman, who has since left the company, received a settlement that, along with legal costs, will cost Maximus 2 to 3 cents a share of its second-quarter results, a company statement said. According to the number of shares outstanding at the end of the year, that would amount to between about \$438,000 and \$657,000.

Davenport did not return a phone message seeking comment.

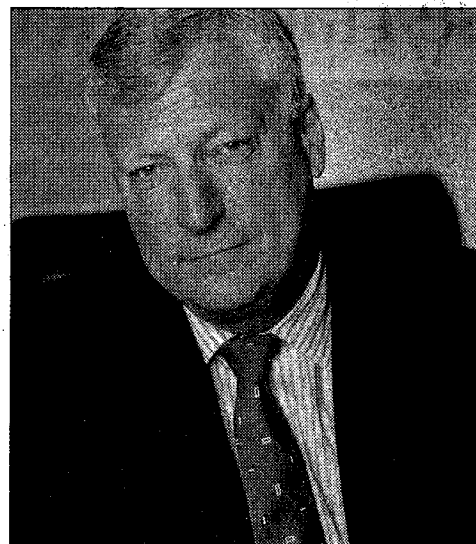
Maximus named Richard A. Montoni, its former chief financial officer, as the new chief executive and president. He had left the company last month to take a CFO job in his native New England.

Maximus stock, which has been trading between \$30 and \$40 over the past year, closed yesterday at \$33.95, up 10 cents.

Thomas Meagher, who follows the stock for Friedman, Billings, Ramsey & Co., said yesterday of Montoni: "Bringing him back is the reason why the stock held up so well today. He really improved the [company's] financial performance" and was Maximus's liaison to Wall Street.

Stifel Nicolaus & Co., another firm that follows Maximus, issued a report for clients that retained its "buy" rating, though it said the management change could cause "near-term disruption." It noted that the company should profit from an upward trend in state and local government spending.

The company, which has more than 5,000 employees, about 600 of them in the Washington area, has seen its business rise and fall with the changing revenue of state governments. In the fiscal year ended Sept. 30, Maximus report-



Lynn P. Davenport was terminated Friday as Maximus's chief executive, the company said.

ed revenue of \$647.5 million and net income of \$36.1 million.

It said it expected growth as states continue to outsource to private contractors the management of federally mandated health-care and other programs.