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Wal-Mart Settles 63 Lawsuits Over Wages

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Wal-Mart said on Tuesday that it would pay at least \$352 million, and possibly far more, to settle lawsuits across the country claiming that it forced employees to work off the clock. Several lawyers described it as the largest settlement ever for lawsuits over wage violations.

After years of being embarrassed by lawsuits over its wage practices, the company agreed to settle 63 cases pending in federal and state courts in 42 states.

The workers and their lawyers will receive at least \$352 million, and the payments could reach \$640 million, depending on how many claims affected workers submit.

Union critics of Wal-Mart, the world's largest retailer, saw the settlement as proof of their view that the company achieves its low prices in part by cheating workers. But the company rejected that characterization, saying it had already corrected wage practices that it has long attributed to local managers acting without authority.

"Many of these lawsuits were filed years ago, and the allegations are not representative of the company we are today," Tom Mars, general counsel and executive vice president at Wal-Mart Stores, said.

The newly settled cases involved hundreds of thousands of current and former hourly employees. It is unclear how much the average employee will receive, but the sum could be several hundred dollars.

Several lawyers said that Wal-Mart had reached the settlement to help end an embarrassing chapter as its chief executive, H. Lee Scott Jr., turns his position over to [Michael T. Duke](#) in February.

The dozens of wage-and-hour suits against Wal-Mart accused the company and its managers of various illegal tactics. Those included forcing employees to work unpaid off the clock, erasing hours from time cards and preventing workers from taking lunch and other breaks that were promised by the company or guaranteed by state laws.

The settlement — which wipes out all but 12 pending wage-and-hour lawsuits against Wal-Mart — also gives the company a cleaner slate as a new administration enters the White House. President-elect [Barack Obama](#) has indicated he will make wage-and-hour enforcement a priority, and groups critical of Wal-Mart suggested that the company had reached the settlement to avoid becoming a target of stepped-up enforcement.

“Wal-Mart is scared with what they’re going to face in an Obama administration,” said David Nassar, of Wal-Mart Watch, a union-financed advocacy group. “You clean up your house before the in-laws come over. That’s what they’re trying to do.”

Mr. Nassar said that settling the suits would also aid Wal-Mart in battling any renewed drive toward unionization at its stores.

With labor leaders and Congressional Democrats pushing for legislation that would make it far easier for unions to organize workers, union supporters see Wal-Mart, with 1.4 million workers in the United States, as a prime target of their efforts.

Frank Azar, a lead lawyer representing workers in lawsuits in 14 states, said in a statement on Tuesday that he was pleased with the settlement and thought it was fair for his clients.

“We are equally pleased that Wal-Mart has made tremendous strides in wage-and-hour compliance,” he said, “and that it has implemented and agreed to continue to follow state-of-the-art compliance programs so that these improvements will continue into the future.”

Wal-Mart announced the settlement less than two weeks after it reached a \$54.25 million settlement covering a group of 100,000 current and former employees in Minnesota who asserted they were owed money over missed breaks and off-the-clock work.

In a case still pending, Wal-Mart has appealed a 2005 verdict in which a California jury ordered it to pay \$172 million for making employees miss meal breaks. In 2006, a jury in Pennsylvania awarded \$78 million against Wal-Mart in a lawsuit over rest breaks and off-the-clock work. Last year, a judge increased that award to \$188 million to include damages, interest and lawyers’ fees. Wal-Mart has also appealed that ruling.

Brad Seligman, the lead lawyer in a large sex discrimination lawsuit against Wal-Mart — one involving some two million current and former female employees — said that the verdicts in California and Pennsylvania had hurt Wal-Mart’s image and bottom line. He said the company was also worried by the unsympathetic language in a recent ruling by the Massachusetts Supreme Judicial Court in a wage lawsuit there.

“They saw the way the wind was blowing,” Mr. Seligman said.

The lawyers in the sex discrimination lawsuit, who are said to be seeking several billion dollars, have held intermittent settlement talks with Wal-Mart, as the company seeks to put that lawsuit behind it as well.

The settlement announced on Tuesday is subject to approval by scores of judges overseeing the individual cases. Lawyers representing the Wal-Mart employees are

expected to receive tens of millions of dollars, though the amount has not been determined.

Several lawyers who had brought wage-and-hour lawsuits against Wal-Mart acknowledged that the total value of the newly announced settlement might seem modest in light of the California and Pennsylvania verdicts. But those lawyers also said that in some states, the wage lawsuits have not gone their way, with judges refusing to allow them to proceed as class actions.

Wal-Mart officials say that in recent years, they have taken strong steps to reduce wage violations, ordering managers not to demand off-the-clock work and threatening to fire employees who work off the clock or do not take their designated lunch and rest breaks. Wal-Mart has even programmed its cash registers and other equipment to stop working when employees are not on the clock.

Robert Bonsignore, co-counsel in nearly 40 of the cases, said that as a result of the settlement, "Wal-Mart can now say that it has taken action to make its stores a great place to shop and work." Wal-Mart said it would take a charge of \$250 million, or 6 cents a share, in this quarter to help finance the settlement.