

Employment Practices Liability: Settlements and Verdicts

**A Summary of Reported Settlements and Verdicts
In Excess of Fifteen Million Dollars
(For the Period of January 1, 1992 to March 9, 2001)**

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Employment Practices Liability: Settlements and Verdicts

Most people are keenly aware of the current trends and developments in litigation arising from the workplace. Discrimination, wrongful termination, defamation, breach of contract and harassment claims have captured the headlines and crowded the dockets of state and federal courthouses around the country. The focus of the employer has turned not just to litigation strategy, but risk management and insurance.

There is a considerable demand for information about the cost and settlement value of these claims. Unfortunately, there are no comprehensive sources for such information. This is attributable to many factors; the claims may be brought before federal and state agencies, such as the EEOC and/or human rights commissions; the claims may be litigated in both state and federal courts; many settlements are not discussed because confidentiality is at a premium in such cases, particularly for the employer; employment cases are not always categorized as such; and appeals are very common in employment cases.

Here we present a summary of the very largest settlements and verdicts in the employment practices arena. The cases are arranged by the size of the settlement or verdict. WE have identified the state of each case and indicated whether the case was in state or federal court. Where available, we have broken out any punitive damage award. We explain a bit about the background of each case and the allegations made by each plaintiff. Each case is categorized as “Gender Discrimination” or “Disability Discrimination” or whatever other description best identifies the case by type.

The information was gathered from many sources – jury verdict services, attorneys, newspaper articles, and from numerous computer research resources. It should be noted that many, if not most, of the multi-million dollar verdicts were appealed or on appeal is pending, and the final figures may be lower. The figures do not necessarily include defense costs.

This summary is intended to be instructional – to provide information about the costs associated with resolving employment-related litigation.

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EMPLOYMENT PRACTICES LIABILITY

Settlements and Verdicts in Excess of \$15 Million

(January 1, 1992 to March 9, 2001)

1.	<p>\$508,000,000: Settlement</p> <p>Broadcaster</p> <p>March 2000 Federal Court: DC</p>	<p>Gender Discrimination: Plaintiffs sued the defendant claiming they were not hired, or were denied promotion because of their sex. The suit began in 1977 when an applicant was told that the agency wanted to fill the opening with a man. This led many other females, mostly experienced broadcasters, writers, editors, and production specialists, to come forward with their own tales of discrimination.</p>
2.	<p>\$192,500,000: Settlement</p> <p>Beverage Company</p> <p>November 2000 Federal Court: GA</p>	<p>Race Discrimination: Defendant agreed to pay \$192.5 million to settle a racial discrimination suit brought by its black employees. The settlement includes \$113 million in cash to the plaintiffs, \$43.5 million to adjust salaries, and \$36 million for oversight of the defendant's employment practices. Defendant also agreed to have its employment practices reviewed by an outside group. The settlement is considered one of the largest racial discrimination settlements ever.</p>
3.	<p>\$176,000,000: Settlement</p> <p>Energy Company</p> <p>March 1997 Federal Court: NY</p>	<p>Race Discrimination: It was alleged that the defendant denied promotions and raises to over one thousand past and present African-American employees. Defendant agreed to settle after the release of transcripts of secretly taped conversations that appeared to show Caucasian executives belittling African-American employees. Defendant also allegedly destroyed documents being sought by the plaintiffs in the litigation. (\$115,000,000 paid to class with balance of settlement to go to task force on diversity and other programs that the defendant agreed to fund.)</p>
4.	<p>\$157,000,000: Settlement</p> <p>Insurance Company</p> <p>April 1992 Federal Court: CA</p>	<p>Gender Discrimination: Class action suit initiated by 3 former employees who allegedly were denied sales agent jobs between 1974 and 1987 because of their female gender. Nearly 1,000 California women claimed they were not given sales agent positions because of gender. The trial court found systematic discrimination and disparate impact upon women.</p>

<p>5.</p>	<p>\$132,000,000: Verdict</p> <p>Bakery</p> <p>August 2000 State Court: CA Punitive: \$121,000,000 Reduced by Ct: \$126,500,000</p>	<p>Discrimination: 21 African-American workers alleged that they suffered discrimination at the defendant's plant. The jury found that the defendant acted with malice and oppression toward 17 of the 21 plaintiffs: The 17 men and women will share the punitive award. All 21 plaintiffs will share the actual damages. Defendant intends to ask judge to reduce award on grounds that some of the allegations occurred 30 years ago when the plant was owned by another company.</p> <p>Update: October 2000: CA judge granted JNOV and ordered reduction in punitive damages to \$24.3m. Judge found that the punitive damages award by the jury was excessive.</p>
<p>6.</p>	<p>\$124,394,754: Verdict</p> <p>Energy Company</p> <p>May 1992 State Court: TX Punitive: \$80,000,000</p>	<p>Wrongful Termination: Male plaintiff suffered for emotional distress and lost earnings when his position was terminated by defendant corporation after he refused to participate in preparing a fraudulent 10-K document for the defendant.</p> <p>Update: case later settled for \$9,500,000.</p>
<p>7.</p>	<p>\$107,400,000: Verdict</p> <p>Defense Contractor</p> <p>July 1996 State Court: CA Punitive Damages: 100,000,000</p>	<p>Breach of Contract: Two employees were promised ownership interest in newly formed subsidiary in consideration for changing their positions of employment. Defendant then sold subsidiary and plaintiffs sued for breach of contract, fraud and breach of fiduciary duty.</p> <p>Update: Verdict was later reduced to \$37,045,000.</p>
<p>8.</p>	<p>\$107,250,000: Settlement</p> <p>Retail Store Chain</p> <p>December 1993 Federal Court: CA</p>	<p>Gender Discrimination: This class action was brought by 20,000 female employees who claimed they were sexually discriminated against by the stores' hiring practices and were systematically excluded from promotions.</p>
<p>9.</p>	<p>\$105,000,000: Settlement</p> <p>Restaurant Chain</p> <p>November 1992 Federal Court: FL</p>	<p>Race Discrimination: Class action suit brought by employees. Management allegedly denied African-Americans employment or promotions between 1985 and 1993.</p>

<p>10.</p>	<p>\$97,000,000: Settlement</p> <p>Software Company</p> <p>December 2000 Federal Court: WA</p>	<p>Denial of Benefits: A group of independent contractors and temporary employees alleged that the defendant failed to provide them with certain employee benefits, such as 401k and stock purchase plans, which were provided to regular employees. The settlement amount includes attorneys' fees and litigation expenses. The settlement agreement notes that since 1997, the defendant has made changes to the manner in which it classifies independent contractors and temporary employees. Defendant denied the allegations but agreed to settle.</p>
<p>11.</p>	<p>\$89,600,000: Verdict</p> <p>Aerospace Manufacturer</p> <p>October 1994 State Court: CA Punitive Damages: \$80,000,000</p>	<p>Race Discrimination: The first plaintiff was an African-American engineer who suffered from Epstein-Barr syndrome, chronic fatigue syndrome, and emotional distress after being removed from the Space Shuttle Project at the defendant aircraft manufacturing company. The plaintiff contended that in spite of above average performance and expansion of the division's participation in the Space Shuttle Project, he was underpaid and not promoted due to racial discrimination.</p> <p>Retaliatory Discharge: The second plaintiff was the above-plaintiff's supervisor; he investigated and supported the plaintiff's claims of discrimination. The second plaintiff was then denied his own promotion when he refused to cooperate with the defendant company's discriminatory practices. (The court granted defendant's motion for JNOV and a new trial was granted. The plaintiff appealed.)</p> <p>Update: March 13, 2000</p> <p>On March 6, 2000, the California Supreme Court ordered a new trial. That order followed the reinstatement of the verdict by California's 2nd District Court of Appeal, which concluded that the JNOV was erroneously granted but reduced (and reaffirmed) the verdict amount to \$17.53million. The new trial was ordered upon defendant's appeal of the appellate court's reaffirmance of the verdict.</p>

<p>12.</p>	<p>\$87,500,000: Settlement</p> <p>Retail Store</p> <p>August 1997 Federal Court: CA</p>	<p>Gender Discrimination: The class action settlement applies to 25,000 women who worked for or applied to the defendant and claimed they were not hired or promoted because of their female gender. The company also agreed to reform its assignment and promotion practices. In November 1997, the defendant settled three additional gender discrimination suits. These additional settlements were precipitated by the August 1997 settlement. Because of the four settlements, the defendant suffered a \$104 million charge against its third quarter earnings.</p>
<p>13.</p>	<p>\$81,500,000: Settlement</p> <p>Supermarket Chain</p> <p>January 1997 Federal Court: FL</p>	<p>Gender Discrimination and Sexual Harassment: Class action suit by 150,000 past and present female employees at management and non-management levels who sued the company for keeping them in low-paying jobs.</p>
<p>14.</p>	<p>\$80,750,000: Verdict</p> <p>Freight Delivery</p> <p>February 1998 Federal Court Punitive Damages: \$80,220,000</p>	<p>Sex Discrimination: A female manager alleged that the company failed to listen to her complaints and retaliated against her after she accused a driver of poking her in the breast. The driver was initially fired by the defendant but was rehired and allegedly began stalking the plaintiff. In connection with the incident, plaintiff alleged that her employer shunned her, excluded her from meetings, and gave her assignments that men were not given.</p> <p>Update: In June 1998, the verdict was reduced to \$465,000.</p>
<p>15.</p>	<p>\$62,000,000: Verdict</p> <p>Medical Products Manufacturer</p> <p>July 1998 Federal Court: CA</p>	<p>Wrongful Termination: Discharge of Vice-President of the company and the wife of the president of the company. After refusing to sign a post-nuptial agreement and separating from her husband, employment was terminated.</p> <p>Date: Case was settled on confidential terms in January.</p>
<p>16.</p>	<p>\$58,500,000: Settlement</p> <p>Financial Institution</p> <p>October 1997 Federal Court: District of Columbia</p>	<p>Age Discrimination: 239 former employees claimed the bank fired longtime employees and replaced them with younger, less qualified workers.</p>

<p>17.</p>	<p>\$50,035,000: Verdict</p> <p>Retail Store</p> <p>June 1995 Federal Court: MO Punitive Damages: \$50,000,000</p>	<p>Sexual Harassment: A 47-year-old female receiving clerk suffered sexual harassment by her supervisor and store manager while employed by the defendant retail store during a four-year period. The plaintiff contended that she was subjected to offensive sexual remarks as well as comments made regarding other women working for the defendant.</p> <p>Update: Court reduced punitive damages to \$5,035,000; and appeal followed.</p>
<p>18.</p>	<p>\$45,000,000: Settlement</p> <p>Utility</p> <p>February 1998 October 1999 State Court: MI</p>	<p>Age, Sex, Race, and Ethnic Discrimination: Three separate class action lawsuits were filed by former employees of the utility alleging that the company singled out members of minority groups, older workers, and women when the defendant cut its work force and conducted departmental reorganizations from 1992 to 1996. The classes consisted of any current or former employees of the defendant that could demonstrate injury stemming from the reorganization. An arbitration panel awarded \$45 million. As part of the settlement, Defendant agreed to give preference to rehiring those employees who took voluntary separation packages, and to establish monitoring new hiring and anti-discrimination policies. The settlement included an agreement to arbitrate a monetary settlement between \$17 and \$65 million. A committee made up of plaintiffs, defendant executives, and members of the Council of Baptist Pastors will determine the precise amount each employee will receive.</p>
<p>19.</p>	<p>\$38,900,000: Settlement</p> <p>Utility</p> <p>June 1993 Federal Court: District of Columbia</p>	<p>Race and Gender Discrimination: Company agreed with EEOC to settle class action suit by African-American employees and applicants, and female employees, and applicants for racial and gender discrimination in hiring and promoting.</p>
<p>20.</p>	<p>\$38,500,000: Verdict</p> <p>Insurance Company</p> <p>December 1994 State Court: OR Punitive Damages: \$35,000,000</p>	<p>Wrongful Termination: A former district manager claimed he was fired after refusing a demotion. He sued the company for breach of contract and breach of fiduciary duty, claiming the company was bringing on district managers to build up territories, then terminating the agreements and taking back the districts.</p>

<p>21.</p>	<p>\$36,005,000: Verdict State College System March 1997 State Court: TX Punitive Damages: \$35,000,000</p>	<p>Wrongful Termination: The first plaintiff, chief of campus police, contended he was investigating a fraud and theft claim at the college by college officials. He claimed the defendant undercut his authority and attempted to eliminate his department, ultimately firing him in retaliation for his investigation. The second plaintiff was a dean of instruction and was the person who ordered the above investigation. Plaintiff claims he was isolated and placed on probation by defendant for his whistleblowing investigation.</p>
<p>22.</p>	<p>\$35,000,000: Settlement Financial Institution August 1992 Federal Court: MN</p>	<p>Age Discrimination: 32 former executives claimed that the defendant replaced them with younger, less experienced workers in an effort to reduce the average age of its mid-level managers. The EEOC intervened on the side of the plaintiffs.</p>
<p>23.</p>	<p>\$35,000,000: Engineering Company March 2000 Federal Court:</p>	<p>Improper Billing (Whistle Blower): After former employee blew whistle against the defendant for improperly billing the federal government for environmental cleanup, defendant agreed to pay the settlement amount.</p>
<p>24.</p>	<p>\$34,000,000: Settlement Automobile Manufacturer June 1998 Federal Court: IL</p>	<p>Sexual Harassment: A class of hundreds of female employees of the defendant, which employed 4,000, alleged routine groping, graffiti, and degrading remarks directed at women, who were 1/5 of the plant's workforce. It also was alleged that management had created an atmosphere that condoned such behavior. The settlement included prospective monitoring of the defendant's training programs and affirmative efforts to encourage employees with complaints to come forward.</p>
<p>25.</p>	<p>\$33,000,000: Settlement Supermarket July 1999 Federal Court: FL</p>	<p>Gender and Age Discrimination: Settlement of class-action discrimination claims made by current and former female and black workers.</p>

26.	<p>\$30,000,000: Verdict</p> <p>Health Services Agency</p> <p>December 2000 State Court: OH Punitive Damages: \$30 million</p>	<p>Age Discrimination: Plaintiff, 68 years old and former branch manager, alleged that she was told to “retire or be fired,” after her office merged with another office and her position was eliminated. Defendants countered that plaintiff was unqualified for other positions. Plaintiff had offered to settle the case for \$300,000.</p>
27.	<p>\$29,500,000: Settlement</p> <p>Supermarket Chain</p> <p>November 1993 Federal Court: CA</p>	<p>Gender and Race Discrimination: Class action suit brought by 20,000 women and Hispanics currently and formerly working for company. They claimed they were denied promotions and channeled into lower paying dead-end jobs while men were promoted into management.</p>
28.	<p>\$28,500,000: Settlement</p> <p>Computer Hardware and Services</p> <p>March 1997 Federal Court: MN</p>	<p>Age Discrimination: Over 300 former midlevel employees accused the company of engaging in a pattern of discrimination by firing them in the late 1980’s and replacing them with younger workers, allegedly all under the guise of a restructuring.</p>
29.	<p>\$28,044,205: Verdict</p> <p>Aerospace Company</p> <p>July 1998 State Court: CA Punitive Damages: \$26,000,000</p>	<p>Retaliation, Age and Race Discrimination: The 58-year-old plaintiff was terminated after 26 years of service to defendant corporation. Plaintiff contended that his termination was in retaliation for a previously filed EEOC complaint alleging age and race discrimination. Although defendant corporation claimed financial necessity as the reason for plaintiff’s termination, the jury determined that such reason was merely a pretext for age and race bias.</p>
30.	<p>\$28,000,000: Settlement</p> <p>Railroad</p> <p>January 2001 Federal Court: AL</p>	<p>Race Discrimination: Plaintiffs, 7,700 present and former employee brought a class action suit against the company in 1993 alleging that they were denied promotions in nonunion positions. As part of the consent decree, the defendant, a railroad holding company, agreed to name a major railroad facility for a prominent African-American involved in the civil rights movement or the rail industry. The company further agreed to establish goals for the promotion of African-American employees to management-level positions during the four-year term of the consent decree, and to establish a diversity training program.</p>

31.	<p>\$28,000,000: Settlement</p> <p>Insurance & Investment Company</p> <p>July 1999 Federal Court: NY</p>	<p>Age Discrimination: 13 former employee-directors resolved a 1993 age-bias suit filed by the EEOC alleging that the company discriminated against top executives on its board by forcing them into early retirement.</p>
32.	<p>\$27,700,000: Verdict</p> <p>Municipality</p> <p>November 1997 Federal Court: TX Punitive Damages: \$25,000,000</p>	<p>Retaliation: The plaintiff police officer suffered retaliation for refusing to participate in an illegal investigation. Plaintiff was subjected to bogus accusations of theft, psychological examinations and was put on suspension.</p> <p>Update: the trial court later reduced the compensatory damage award, bringing the total award to \$26,490,000.</p>
33.	<p>\$26,601,500: Verdict</p> <p>Brewing Company</p> <p>July 1997 State Court: WI Punitive Damages: \$18,000</p>	<p>Wrongful Termination: Male executive was terminated when he was accused by defendant company and fellow executives of sexual harassment of a female co-worker for describing a portion of a popular television show to her. Plaintiff contended defendants were manufacturing reasons for his termination. Defendants contended plaintiff was not a capable manager.</p>
34.	<p>\$26,000,000: Judgment</p> <p>Cable Television Company</p> <p>May 1994 Federal Court: NH</p>	<p>Gender Discrimination: Defendant paid female employees lower wages than men in comparable jobs and fired one plaintiff because she was a woman. They also fired a second plaintiff because he refused to terminate the first plaintiff and replace her with a man.</p>
35.	<p>\$25,000,000: Settlement</p> <p>Transportation Company</p> <p>January 1999 Federal Court: AL</p>	<p>Racial Discrimination: Twelve plaintiffs, two unions, and African-American current and former employees who have worked for the defendant filed suit alleging unlawful discrimination against black workers in employment policies, practices and procedures.</p>
36.	<p>\$25,000,000: Settlement</p> <p>Telecommunications Company</p> <p>July 1999 Federal Court: CA</p>	<p>Pregnancy Discrimination: Settlement with EEOC on behalf of a class of more than 10,000 current and former female employees amid allegations that the company violated federal and state law by failing to provide service credit for women who took pregnancy disability leave.</p>

37.	<p>\$23,300,000: Verdict</p> <p>Manufacturer</p> <p>August 1998 State Court: CA Punitive Damages: \$17,000,000</p>	<p>Wrongful Discharge: The plaintiff, a former manager of defendant, was discharged after reporting to management that other company officials were engaging in illegal activities, such as price-fixing, kickbacks to contractors, and also sexual harassment.</p>
38.	<p>\$21,100,000: Settlement</p> <p>Automotive Manufacturer</p> <p>July 1999 Federal Court: MI</p>	<p>Sexual Discrimination: Plaintiff alleged that her employer failed to take any action in response to her complaints of sexual harassment by male co-workers. The company denied the allegations and contended that it promptly investigated the employee's complaints.</p>
39.	<p>\$20,644,500: Verdict</p> <p>Physician</p> <p>October 1996 State Court: FL Punitive Damages: \$17,350,000</p>	<p>Sexual Harassment: Three female plaintiffs, all former employees of defendant, alleged that the defendant sexually harassed and assaulted each one on different occasions. Each brought separate suits against the defendant.</p>
40.	<p>\$20,160,000: Verdict</p> <p>Restaurant/Club</p> <p>June 2000 State Court: NY Punitive Damages: \$10,000,000</p>	<p>Wrongful Termination/Sexual Orientation Discrimination: Plaintiff, an openly homosexual male and manager of Defendant's club, alleged he was subjected to a hostile work environment in violation of New York Human Rights Law. Among other physical assault, battery, and discriminatory conduct by the owners and managers of the club, plaintiff alleged that on one occasion, he was pinned against a desk while one of the managers held a pair of scissors against the back of his neck and threatened to cut off his ponytail to "make a man" out of him. Plaintiff alleged that defendants' conduct also included calling him derogatory names such as faggot, queen, and princess, and ultimately resulted in his termination.</p>
41.	<p>\$20,100,000 : Verdict</p> <p>Aerospace Company</p> <p>March 1993 Federal Court: MO</p>	<p>Age Discrimination: The EEOC brought suit charging that the company unfairly targeted 900 workers above age 55 when it reduced employment of its operations in 1990 and 1991.</p>

42.	<p>\$20,020,000: Verdict</p> <p>Retail Store</p> <p>January 1996 State Court: KY Punitive Damages: \$12 million</p>	<p>Wrongful Termination: Four employees were fired on the grounds that they had stolen company property. However, the plaintiffs alleged that they were dismissed because they were two months away from becoming vested employees.</p>
43.	<p>\$18,225,542: Verdict</p> <p>Retail/Convenience Store</p> <p>June 1996 Federal Court: TX Punitive Damages: \$16,000,000</p>	<p>National Origin Discrimination: Four Vietnamese plaintiffs were fired from their managerial positions after working for the defendant for many years. They claimed the defendant did not follow the company's policies and procedures for discipline or for termination, further demonstrating the defendant had a "hidden agenda" for firing based on national origin</p>
44.	<p>\$18,000,000: Settlement</p> <p>Pipeline</p> <p>December 1999</p>	<p>Pension Rights: Plaintiff settled dispute over pension rights for work on the oil pipeline that involved the Pension Plan</p>
45.	<p>\$17,500,000: Verdict</p> <p>Pharmaceutical</p> <p>September 1993 State Court: CA</p>	<p>Wrongful Termination: Head of pharmacology department was wrongfully discharged after questioning the defendant pharmaceutical company about a drug they were planning to market. The plaintiff contended that the defendant violated public policy when it discharged him. (Award later reduced to \$4,770,000.)</p>
46.	<p>\$16,650,000: Settlement</p> <p>Supermarket</p> <p>April 1999 Federal Court: GA</p>	<p>Gender Discrimination: Class action suit initiated by female retail store employees of the chain alleged discrimination in assignments and training and that they were systematically transferred into low paying jobs and given few opportunities for career advancement</p>