

Jury: Wal-Mart Broke Pennsylvania Labor Laws

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PHILADELPHIA — A state jury found Thursday that Wal-Mart broke Pennsylvania labor laws by forcing employees to work through rest breaks and off the clock, a decision plaintiffs' lawyers said would result in at least \$62 million in damages. Jurors will return Friday to determine damages in the class-action lawsuit, which covers up to 187,000 hourly current and former workers.



"I think it reinforces that this company's sweatshop mindset is a serious problem, both legally and morally," said Chris Kofinis, a spokesman for WakeUpWalMart.com, a union-funded effort to improve working conditions at the stores. The Bentonville, Ark.-based retail giant is facing a slew of similar suits around the country.

Wal-Mart settled a Colorado case for \$50 million and is appealing a \$172 million award handed down last year by a California jury. The company declined to comment because of the pending deliberations over damages. The jury
Picture: Sam Walton's original Walton's Five and Dime, now the Wal-Mart Visitor's Center, in the center of Bentonville

deliberated on the verdict for several hours over two days, after a five-week trial. Jurors found that Wal-Mart acted in bad faith but rejected claims that the company denied workers meal breaks.

Wal-Mart was founded by Sam Walton in 1962, first incorporated on October 31, 1969, and listed on the New York Stock Exchange in 1972. In Fiscal 2006, Wal-Mart reported net income of \$11.2 billion on \$316 billion of sales revenue (3.5% profit margin). It is the largest private employer in the United States and Mexico with 1.8 million employees. The Pennsylvania case involves labor practices at Wal-Mart and Sam's Club stores between March 1998 and May 1, 2006.

Lead plaintiff Dolores Hummel, who worked at a Sam's Club in Reading from 1992-2002, charged in her suit that she had to work through breaks and after quitting time to meet work demands in the bakery. She said she worked eight to 12 unpaid hours a month, on average, to meet work demands. "One of Wal-Mart's undisclosed secrets for its profitability is its creation and implementation of a system that encourages off-the-clock work for its hourly employees ..." Hummel said in her suit, which was filed in 2002.

The plaintiffs used electronic evidence, systems that show when employees are signed on to cash registers and other machines, to help win class certification during several days of hearings last year. Wal-Mart had a corporate policy that gives hourly employees in Pennsylvania one paid 15-minute break during a shift of at least three hours and two such breaks, plus an unpaid 30-minute meal break, on a shift of at least six hours.

1. Assuming the monetary damages were distributed equally amongst all of the hourly current and former workers after roughly 27% in taxes, how much may each employee plan on receiving?
2. Explain the relationship in the passage above between Bentonville, Colorado, and Pennsylvania.
3. What percentage of Wal-Mart's sales revenue was reported as net income? Explain.
4. The nation's population as of Thursday, October 12, 2006 at 9:00 p.m. is 299,965,791 whereas the world was 6,550,024,162 (census.gov). As a ratio expressed in simplest form, answer the following: What percent of Americans and humans on this planet work at Wal-Mart?
5. Provide a brief synopsis in appropriate paragraph form outlining The Wal-Mart Story.
6. If all of the hourly current and former workers were deprived of two meal breaks a week, for eight years, how many free man-hours did Wal-Mart get from its employees?
7. In the passage above, in paragraph form, explain at least five ways using the red "Four-Step Reading" poster simplifies understanding of the material. Be specific.
8. Using contextual clues only, explain the meaning of the words: slew, deliberations, and implementation.
9. In paragraph form, explain five legitimate and educational purposes behind The Daughtry Times.