

NEWS RELEASE

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CALIFORNIA JURY AWARDS \$50 MILLION IN PUNITIVE DAMAGES, ABOVE THE \$11 MILLION IN COMPENSATORY DAMAGES, TO ARAB-AMERICAN FEDEX GROUND/HOME DELIVERY DRIVERS, VICTIMS OF ETHNIC DISCRIMINATION AND HARASSMENT

OAKLAND, CA (June 2, 2006) – A California Superior Court jury today awarded two FedEx Ground/Home Delivery drivers \$50 million in punitive damages over and above \$11 million in compensatory damages after finding that they had been victims of ethnic discrimination and harassment hostile workplace by the company and a terminal manager, it was announced today.

The drivers, Edgar Rizkallah and Kamil Issa, both Lebanese-Americans, on May 24, 2006, were awarded \$11 million in emotional distress compensatory damages, double the amount sought by their attorney, who demonstrated during the jury trial that they had been the victims of continuous harassment and that the company and a terminal manager, Stacey Shoun, had created a hostile work environment on the basis of race and national origin. There was testimony at trial that the drivers were taunted by the manager, called “Arabs”, “camel jockeys”, “terrorists”, “Sand Niggers”, and other ethnic slurs. Both drivers still work for the company.

The \$50 million punitive damage award came in the second phase of the trial and was based on a finding that FedEx Ground and Shoun acted with oppression and malice in the treatment of the plaintiffs. The Jury held the individual manager liable for \$1 million in emotional distress damages and \$56.00 in punitive damages after the plaintiffs' counsel asked the jury to teach him a lesson through compassion in the punitive damage phase and hold the company liable for the damage. The total verdict was \$61,000,056.00. (*Alameda County Superior Court Case No . 841208-9.*)

Christopher B Dolan, Esq., of the Dolan Law Firm, San Francisco, counsel for the plaintiffs, stated, "This is a significant statement by the jury, 12 Americans, that harassment of Arabs will not be tolerated. In this day and age, where Arabs are being targeted for harassment and discrimination based on the stereotypes projected by our government and the media, it was a brave statement by this jury, after hearing all the evidence, that this conduct will not be tolerated in a decent law abiding society."

Following the jury's award, the plaintiffs said, "We thank God that the jury stood up to the giant Federal Express and made a statement that we count, that we have rights, and that we should not be forced to work under conditions where we are treated as less than human."

California law provides that individuals who engage in harassment can be held personally liable as well in addition to the employer being held liable when the employer knows or should have known and fails to act to prevent or stop the harassment.

The evidence showed that the contractors complained to senior company management including the human resource department and the Western Regional Manager who controlled the entire West coast region. The evidence also revealed that FedEx Ground took no steps to prevent harassment or discrimination, provided no training to its managers, supervisors, or contractors as to what constituted unlawful harassment in the workplace and failed to take action once harassment was reported.

This was a case of first impression under a California law enacted in 2000 which extended protection to independent contractors to be free from harassment. Prior to 2000 the law only protected employees from unlawful harassment. The California Legislature extended protection to contractors in reaction to the growing trend of employers to reduce employee-related expenses by declaring their employees to be independent contractors.

Rizkallah and Issa are class members in the landmark FedEx Ground/Home Delivery class-action lawsuit (*Anthony Estrada v. FedEx Ground*, Los Angeles Superior Court # BC 210130) brought in 1999. In that case, a California Superior Court Judge earlier this year awarded \$5.3 million in damages after finding that single-route drivers – who FedEx considers independent contractors – are actually employees who have been forced to individually shoulder millions in a broad range of operating expenses. These expenses include the cost of uniforms, fuel and maintenance, hand-held scanner, liability and workers' compensation insurance and a host of other expenses that should be the responsibility of their employer. Similar lawsuits exposing the company's allegedly illegal employment and unfair practices have been brought by drivers in nearly 30 states and a national class-action suit has been consolidated in Indiana where it is being litigated.

In the Estrada case, the Court ruled that FedEx exercised pervasive control, indeed “close to absolute actual control over the drivers and their working conditions. In its 26-page opinion, the Court said the Company had created an environment where a terminal manager can blasphemously refer to himself as the “Almighty” and wield power accordingly, that the drivers were fully integrated into the FedEx Ground delivery system, and that, contrary to what FedEx claimed at trial, the single-route drivers had a job, not a business, and had no opportunity for profit or loss.

For more information on the class-action suit, visit www.fedexdriverslawsuit.com or contact Lynn Rossman Faris, Esq. at 510.272.0169.