

California Jury Orders Wal-Mart To Pay More Than \$172 Million For Meal Break Violations

by Emma J. Sullivan

On December 22, 2005, a jury in Alameda County, California awarded more than \$172 million to approximately 116,000 current and former Wal-Mart employees who alleged that they were illegally denied lunch breaks. Wal-Mart was ordered to pay over \$57 million in general damages and \$115 in punitive damages for violating a 2001 California state law regarding meal periods. That law requires California employers to provide a 30-minute unpaid meal period if an employee works more than five hours per day, and requires a second 30-minute unpaid meal period if the employee works more than 10 hours per day. The California law allows the employer and employee to mutually consent to waive the first meal period if the total working time is no more than six hours per day, and to waive the second meal period if the total working time is no more than 12 hours per day, provided that the first meal period was not waived. An employer who fails to provide a meal period required by the California law is liable to pay a full hour's wages for each work day where a meal period was not provided.

The December 22 verdict came four years after a handful of former Wal-Mart employees in the San Francisco Bay area filed a class-action lawsuit alleging that Wal-Mart violated the California meal period law. In the lawsuit, the employees sought more than \$66 million plus interest, and sought punitive damages to punish Wal-Mart for its alleged wrongdoing. Wal-Mart argued that it did not violate the California meal period law because its workers did not demand penalty wages on a timely basis.

The jury's verdict was reached after nearly three days of deliberations and four months of testimony. Wal-Mart contends that the state law in question can only be enforced by California regulators, and not by jurors in a courtroom. Wal-Mart further contends that punitive damages are not available under the law, arguing that the meal-period premiums are penalties, rather than wages. Wal-Mart has announced that it will likely appeal the verdict.

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