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Contact: Lynn Rossman Faris, Esq. / 510-272-0169
Beth Ross, Esq. / 415-771-6400
bross@leonardcarder.com
lfaris@leonardcarder.com

**\$27 MILLION FINAL JUDGMENT IN LANDMARK CALIFORNIA FEDEX EMPLOYEE-
MISCLASSIFICATION CASE**

COMPANY AGREES TO END 10-YEAR FIGHT; IRS AUDIT OF FEDEX STILL PENDING

Los Angeles, CA (December 8 2008) - Putting an end to a nearly decade-long, landmark legal battle, FedEx Ground/Home Delivery has agreed to a \$27 million Court judgment that includes payment of \$14.5 million to 203 California drivers who were misclassified by the company as independent contractors. FedEx will also be paying \$12.5 million in full attorney fees and most costs of the case that was the first to challenge and eventually expose the shipping giant's independent contractor scheme. Final court approval of the stipulated judgment is expected soon.

The case of *Estrada vs. FedEx Ground Package System, Inc.* went to trial before California Superior Court Judge Howard Schwab (ret.) in 2004. He ruled that the drivers were legally employees and entitled to be reimbursed for all the expenses they were illegally required to pay by the company. In August 2007, the California Court of Appeals affirmed the judgment that the drivers were employees and doubled the damages awarded to the drivers in a published decision. That decision has sparked nationwide litigation against many large corporations that have misused the independent contractor concept to the detriment of American workers and the US Treasury which has lost billions in unpaid payroll taxes. Approximately 27,000 FedEx drivers nationwide have a multi-district lawsuit against the company for misclassification pending in South Bend, Indiana. As in the California Estrada case, the drivers are asking the court to find that FedEx treats them like employees and rule that they are entitled to the same legal rights of employees.

Lynn Rossman Faris, Esq., of Leonard Carder, LLP, of Oakland, California, lead counsel for the California drivers, and co-lead in the nationwide class action, hailed the ruling. "FedEx has claimed for several years that it would eventually win on appeal. That fantasy is finally over. The 203 drivers will receive damages ranging from \$2000 up to \$280,000, with an average recovery of about \$70,000. If the 27,000 FedEx drivers in our nationwide case achieve similar results, FedEx could be facing a multi-billion dollar judgment. Everything that has been achieved is a result of the incredible strength and fortitude

of two unsung American hard-working heroes - drivers Tony Estrada and Jeff Morgan - who simply would not accept injustice and unfairness by this huge corporation."

Tony Estrada and Jeff Morgan were thrilled that their long, hard fight was finally over. "We always knew that we were being treated like employees and that FedEx was getting away with murder and was laughing all the way to the bank on the backs of its drivers". Why should big companies like FedEx be allowed to use tax loopholes like phony independent-contractor labels to exploit middle-class truck drivers, making them pay the company's half of social security and providing no benefits? We are grateful that Judge Schwab had the wisdom, judgment and courage to do the right thing. We hope that the IRS finally does its job and gets FedEx to pay for its drivers' social security the way UPS does."

The IRS is still auditing the company for 2002 and 2004-2006 tax liability resulting from the misclassification of its pickup and delivery drivers.

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