

## Wal-Mart's "Special Relationship" With The Department of Labor

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*"In our view...the Wal-Mart agreement may adversely impact W.H.D.'s authority to conduct future investigations and issue citations or penalty assessments, and potentially restrict information to the public."* - a statement from the inspector general's office [[New York Times](#), 11/1/05]

**Wal-Mart Allows Teens To Work In Unsafe Conditions.** In January 2005, Wal-Mart reached a settlement with Department of Labor for violations pertaining to the Fair Labor Standards Act. Wal-Mart paid a \$135,540 fine after an investigation found that the company allowed 85 workers, aged 16 and 17, to participate in activities "including loading and occasionally operating or unloading scrap paper balers, and operating fork lifts." While Wal-Mart denied any wrongdoing, they signed an agreement with the department's Wage and Hours Division to make sure they would not have any problems in the future. The terms of the agreement are as follows:

- designate a corporate official to supervise compliance with the agreement;
- provide new and current store managers with training on child labor law compliance;
- include child labor compliance reviews in its regular internal audits, and
- post warning signs, supplied by the Labor Department, on all company-owned hazardous equipment indicating the age restriction on their use.

[DOL Press Release, 2/14/05; <http://www.dol.gov/opa/media/press/esa/ESA20050272.htm>]

### **Internal Audit Finds Various Problems With Wal-Mart Agreement**

*"We think it's important to note that the inspector general's office found that the agreement is in compliance with federal law and there was no evidence of undue influence or pressure. We continue to believe the agreement was the appropriate course of action."* --- Marty Heirs, a Wal-Mart spokesman [[Hartford Courant](#), 11/1/05]

*"These breakdowns resulted in [the wage and hour division] entering into an agreement that gave significant concessions to Wal-Mart ... in exchange for little commitment from the employer beyond what it was already doing or required to do by law"* [[Los Angeles Times](#), 11/1/05]

**Wal-Mart Receives Advanced Notice of Any Child Labor Investigations.** In breaking with Wage and Hours Division protocols, Wal-Mart received special treatment for potential child labor violations. Wal-Mart has been allowed 15 days' notice "of any audit or investigation at the stores covered by this agreement." [[New York Times](#), 11/1/05]

**Wal-Mart Develops News Releases With the Department of Labor.** In breaking with another protocol, the Department of Labor allowed Wal-Mart to jointly develop releases about the settlement. It took one month for the Department of Labor to issue a release after the settlement was reached and even then, the release failed to mention the 15 days' notice provision. "The department denied the inspector general's suggestion that it had consulted with Wal-Mart before issuing a news release on the settlement. The department took the unusual action of announcing the agreement a month after it was signed, doing so only after some details were leaked to a newspaper." [[New York Times](#), 11/1/05]

**Wal-Mart Lawyers Help Write Agreement.** The internal audit found that Wal-Mart's lawyers were involved in writing provisions of the Labor Department agreement. The Inspector General's office was concerned that "it contained significant provisions that were principally authored by Wal-Mart attorneys and never challenged by the Department of Labor." [[Washington Post](#), 10/31/05]

**Wal-Mart Gets 10 Day Grace Period To Fix Violations.** One part of the agreement would allow Wal-Mart to avoid fines for child labor violations as long as they are able to correct the problem within 10 days. The Inspector General said the 10-day provision "was designed to allow Wal-Mart to avoid penalties if compliance is achieved." [[Washington Post](#), 10/31/05]