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6 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
7 **FOR THE COUNTY OF LOS ANGELES, CENTRAL DISTRICT**
8

9 JANE DOE I, JANE DOE II, JOHN DOE I, and)
JOHN DOE II, Individually and on behalf of Wal-Mart)
10 workers in Shenzhen, China;)
11 JANE DOE III and JANE DOE IV, Individually and)
on behalf of Wal-Mart workers in Dhaka, Bangladesh;)
12 JANE DOE V, JANE DOE VI, and JOHN DOE III,)
13 Individually and on behalf of Wal-Mart)
workers in Bogor, Indonesia;)
14 JANE DOE VII, and JANE DOE VIII,)
15 Individually and on behalf of Wal-Mart)
workers in Mastapha, Swaziland;)
16 JANE DOE IX, JANE DOE X, JANE DOE XI, and)
17 JOHN DOE IV, Individually and on behalf of Wal-Mart)
workers in Managua and Sebaco, Nicaragua,)
18 KRISTINE DALL, BRUCE REEVES,)
19 CHRISTINE KAPOSY, AND SHARLOTTE VILLACORTA,)
20 Individually and on behalf of similarly situated California)
workers.)
21 c/o 8530 Stanton Ave, Buena Park, CA 90622)
Plaintiffs,)
22 v.)
23 WAL-MART STORES, INC.)
24 702 S.W. 8th Street)
25 Bentonville, Arkansas 72716)
Defendant.)
26

CASE NO.:
**CLASS ACTION
COMPLAINT FOR
INJUNCTIVE RELIEF AND
DAMAGES**
JURY TRIAL DEMANDED

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1 TERRY COLLINGSWORTH
2 NATACHA THYS
3 DEREK BAXTER
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1 the laws of supplier countries identified herein, and overall were forced to work in sub-standard
2 sweatshop conditions detrimental to their health and safety and in violation of their basic human
3 rights. Such violations also constitute negligence and unjust enrichment under California state
4 law, as well as unfair business practices under California's Unfair Business Practices Act,
5 §17200, *et. seq.*

6 4. Finally, the California Plaintiffs, Bruce Reeves, Kristine Dall, Christine Kaposy,
7 Sharlette Villacorta, bring a claim as California residents harmed by Wal-Mart's unfair business
8 practices, as described above, also under California's Unfair Business Practices Act §17200 and
9 for unjust enrichment under California state law.

10 5. Plaintiffs bring their claims against Wal-Mart in the United States because Wal-
11 Mart's Standard for Suppliers Agreement is premised and controlled by U.S. law, Wal-Mart
12 explicitly claims that it monitors and enforces its Code of Conduct from its headquarters in the
13 US, and the Standard for Suppliers is routinely advertised in the U.S. as Wal-Mart's Code of
14 Conduct for foreign suppliers. Moreover, as more fully discussed below, the courts of the non-
15 California Plaintiffs' home forums do not provide an adequate, alternative forum due to, *inter*
16 *alia*, notoriously corrupt judiciaries, lack of independent judicial branches, and lack of effective
17 and enforceable remedies.

18 6. More importantly, Plaintiffs and their families would be subjected to threats of
19 reprisal, including threats of current and future job loss, and in many cases, threats of physical
20 danger by the supplier companies and/or their home country governments if they were to fully
21 pursue and enforce these claims in their home countries. Accordingly, Plaintiffs also bring their
22 claims using pseudonyms, in lieu of their true identities, to protect themselves and their families
23 from such harm and retaliation.
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1 **II. PARTIES**

2 **A. The China Plaintiffs**

3 7. Plaintiff John Doe I is a Chinese citizen residing in Shenzhen, China. Plaintiff
4 John Doe I is currently employed by XXX factory (this and the other factory in China described
5 below) is a pseudonym to protect the Chinese Plaintiffs and their co-workers from retaliation),
6 also in Shenzhen, China, where he is continually subjected to forced overtime, paid below the
7 minimum wage, and denied full overtime pay. The level of forced overtime is so high that
8 Plaintiff John Doe I is not allowed to take holidays off, weekly days off, or daily rest periods
9 mandated by the labor laws of China. XXX factory also withheld the first three months of John
10 Doe I's pay, which effectively prevented John Doe I from leaving his employment at the factory.
11 All of these violations occurred and continue to occur while John Doe I works on Wal-Mart
12 orders issued to XXX factory, which is a toy factory that supplies merchandise to Wal-Mart for
13 sale in the U.S. market on a regular and routine basis. John Doe I brings this suit on behalf of
14 himself and all others similarly situated and employed by Wal-Mart supplier factories in
15 Shenzhen, China.
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17 8. Plaintiff John Doe II is a Chinese citizen residing in Shenzhen, China. Plaintiff
18 John Doe II is also currently employed by XXX factory in Shenzhen, China, where he is
19 continually subjected to forced overtime, paid below the minimum wage, and denied full
20 overtime pay. The level of forced overtime is so high that Plaintiff John Doe II is not permitted
21 to take holidays off, weekly days off, or provided with daily rest periods mandated by the labor
22 laws of China, as well as internationally-accepted standards. As with John Doe I, XXX company
23 also withheld the first three months of John Doe II's pay, which effectively prevents John Doe II
24 from leaving his employment at XXX factory. All of these violations occurred and continue to
25 occur while John Doe II works on Wal-Mart orders issued to XXX factory, which is a toy
26 factory that supplies merchandise to Wal-Mart for sale in the U.S. market on a regular and
27 routine basis. John Doe II brings this suit on behalf of himself and all others similarly situated
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1 and employed by Wal-Mart supplier factories in Shenzhen, China.

2 9. Plaintiff Jane Doe I is a Chinese citizen residing in Shenzhen, China. Plaintiff
3 Jane Doe I is employed as a sewing machine operator at YYY factory in Shenzhen, China, where
4 she is routinely subjected to forced overtime, denied proper minimum wage and overtime pay,
5 and forced to work in unsafe working conditions without proper safety equipment. The level of
6 forced overtime is so high that Plaintiff John Doe I is not permitted to take holidays off, weekly
7 days off, or provided with daily rest periods mandated by the labor laws of China. These
8 violations occurred and continue to occur while Jane Doe I works on Wal-Mart orders issued to
9 YYY factory, which is a garment and toy factory that supplies merchandise to Wal-Mart for sale
10 in the U.S. market on a regular and routine basis. Jane Doe I brings this suit on behalf of herself
11 and all others similarly situated and employed by Wal-Mart supplier factories in Shenzhen,
12 China.

13 10. Plaintiff Jane Doe II is a Chinese citizen residing in Shenzhen, China. Plaintiff
14 Jane Doe II is also employed as a sewing machine operator at YYY factory in Shenzhen, China,
15 where she is routinely subjected to forced overtime and denied fully overtime pay. These
16 violations occurred and continue to occur while Jane Doe II works on Wal-Mart orders issued to
17 YYY factory, which is a garment and toy factory that supplies merchandise to Wal-Mart for sale
18 in the U.S. market on a regular and routine basis. Jane Doe II brings this suit on behalf of herself
19 and all others similarly situated and employed by Wal-Mart supplier factories in Shenzhen,
20 China.

21 11. The Chinese Plaintiffs do not have access to an independent and unbiased
22 judiciary system in China in which to bring their claims. There is not even a credible basis for
23 asserting that Chinese courts are independent from other branches of government. Even the U.S.
24 State Department agrees that Chinese Courts are improperly influenced by the executive branch.
25 This lack of independence by the judiciary, which due to State investment in the garment sector
26 in China, means that the one-party system will protect the sector from any effort to remedy rights
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1 violations. Further, the legal system in China has notorious levels of corruption, which ensures
2 that garment workers like the Plaintiffs, who are migrant laborers stripped of their rights when
3 working outside of their home provinces, have no ability to bring their claims in China. More
4 fundamentally, China has a unique place on the roster of countries that use violent reprisals,
5 imprisonment, torture and execution to suppress assertions of rights by workers seeking to
6 secure labor rights, such that the type of labor case presented here, even assuming such case
7 could be brought in China, would certainly subject the China Plaintiffs to harm from violent
8 retaliation.

9 10 **B. The Bangladesh Plaintiffs**

11 12. Plaintiff Jane Doe III is a Bangladeshi citizen residing in Dhaka, Bangladesh.
12 Approximately between September 2002 through April 2004, she was employed as a helper and
13 junior sewing operator by Western Dresses factory where she was subjected to forced overtime
14 and denied full overtime pay. These violations occurred while Plaintiff Jane Doe III was
15 producing garments for a Wal-Mart work-order issued to Western Dresses. Western Dresses is a
16 factory located in Dhaka, Bangladesh that supplies clothing merchandise to Wal-Mart for sale in
17 the U.S. market on a regular and routine basis. She brings this suit on behalf of herself and all
18 others similarly situated employed by Wal-Mart supplier factories in Dhaka, Bangladesh.

19 20. Plaintiff Jane Doe IV is a Bangladeshi citizen residing in Dhaka, Bangladesh.
20 From approximately October 2000 through October 2002, Plaintiff Jane Doe IV was employed
21 as a sewing operator by Lucid Garments factory where she was subjected to forced overtime and
22 denied full overtime pay. These violations occurred while Plaintiff Jane Doe IV was producing
23 garments for a Wal-Mart work order issued to Lucid Garments. Lucid Garments is a factory
24 located in Dhaka, Bangladesh that supplies clothing merchandise to Wal-Mart for sale in the
25 U.S. market on a regular and routine basis. She brings this suit on behalf of herself and all others
26 similarly situated employed by Wal-Mart supplier factories in Dhaka, Bangladesh.
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1 June 2004 until July 2004, she was required to work certain periods of time without pay, and
2 subjected to discrimination against because of her union activities. From July 2004 to September
3 2004, she was unlawfully suspended due to her union activities. These violations occurred while
4 Plaintiff was working on Wal-Mart work orders issued to PT Citra Bumilang Admitra for coats
5 made under the “George” label. PT Citra Bumilang Admitra is a factory that supplies garments
6 to Wal-Mart for sale in the United States on a regular and routine basis. She brings this suit on
7 behalf of herself and all others similarly situated employed by Wal-Mart supplier factories in
8 Indonesia.

9 17. Plaintiff John Doe III is an Indonesian citizen residing in Tangerang, Indonesia.
10 Plaintiff John Doe III is employed as a chief mechanic by PT Busanaremaja Agracipta where
11 one of his principal responsibilities is servicing and repairing sewing machines used in
12 production lines making Wal-Mart clothing. From approximately 2002 to the present, he has
13 been forced to work overtime, denied proper overtime pay and paid below the legal minimum
14 wage. These violations occurred while Plaintiff was working on Wal-Mart work orders issued to
15 PT Busanaremaja Agracipta, which supplies clothing merchandise to Wal-Mart for sale in the
16 U.S. market on a regular and routine basis. He brings this suit on behalf of himself and all others
17 similarly situated employed by Wal-Mart supplier factories in Indonesia.

18 18. The Indonesian Plaintiffs do not have access to an independent and unbiased
19 judiciary system in Indonesia in which to bring their claims. Despite the stated formal
20 independence of Indonesian courts from other branches of government, it is well recognized
21 even by the U.S. State Department that the Indonesian Courts continue to be unduly and
22 improperly influenced by the executive branch. This lack of independence by the Indonesian
23 judiciary, along with notorious levels of corruption, have been consistently reaffirmed by
24 numerous United Nations and human rights reports. There is also a noted history of violent
25 reprisal against trade union leaders and those seeking to secure labor rights, such that the type of
26 labor case presented here, even assuming such case could be brought in Indonesia, would subject
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1 the Indonesian Plaintiffs to harm and retaliation. Further, the laws of Indonesia do not provide
2 adequate remedies for the violations alleged herein.

3 4 **D. The Swaziland Plaintiffs**

5 19. Plaintiff Jane Doe VII is a citizen of the Kingdom of Swaziland residing in
6 Mastapha, Swaziland. From approximately July 1, 2002 through September 9, 2003, Plaintiff
7 Jane Doe VII was a full time, permanent employee of Leo Garments where she was subjected to
8 forced overtime, paid below the legal minimum wage, and denied full overtime compensation.
9 These violations occurred while Plaintiff Jane Doe VII was producing garments for a Wal-Mart
10 work order issued to Leo Garments. Leo Garments is a factory located in Mastapha, Swaziland,
11 which supplies clothing merchandise to Wal-Mart for sale in the U.S. market on a regular and
12 routine basis. She brings this suit on behalf of herself and all others similarly situated in
13 Swaziland who are employed by Wal-Mart supplier factories.
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15 20. Plaintiff Jane Doe VIII is a citizen of the Kingdom of Swaziland residing in
16 Mastapha, Swaziland. Plaintiff Jane Doe VIII is currently employed as a machinist by Hong-
17 Yein factory in Mastapha, Swaziland, and has been employed since June 2003. During her
18 employment she has been subjected to forced overtime and paid below the legal minimum wage,
19 and denied full overtime compensation. These violations occurred while Plaintiff Jane Doe VIII
20 was producing garments for a Wal-Mart work order issued to Hong Yein. Hong Yein is a
21 factory located in Mastapha, Swaziland, which supplies clothing merchandise to Wal-Mart for
22 sale in the U.S. market on a regular and routine basis. She brings this suit on behalf of herself
23 and all others similarly situated in Swaziland who are employed by Wal-Mart supplier factories.

24 21. The Swaziland Plaintiffs do not have access to full and complete judicial relief if
25 their claims were brought in Swaziland as they would face certain retribution and punishment
26 from interested private parties and operatives of the Government of Swaziland. Swaziland does
27 not have an independent judiciary, but rather the judiciary is within the executive branch. The
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1 King directly appoints all judges and these judges can be demoted or removed from office at any
2 time for any reason. As evidence of his direct control, the King has interfered to prevent
3 enforcement of judicial orders by issuing contradictory decrees. Thus, if this case is not allowed
4 to proceed in this Court, Plaintiffs will not have an adequate alternative forum in Swaziland.

6 **E. The Nicaragua Plaintiffs**

7 22. Plaintiff John Doe IV is a citizen and resident of Nicaragua, residing in the town
8 of Managua. He was employed at King Young, S.A. as a sewing machine operator from the
9 period of January through March, 2004 prior to being fired for his union activity. During his
10 employment, Plaintiff John Doe IV was subjected to forced overtime, paid below the legal
11 minimum wage, and denied full overtime compensation. These violations occurred while
12 Plaintiff John Doe IV was producing garments for a Wal-Mart work-order issued to King
13 Young. King Young is a factory located in Managua, Nicaragua, which supplies clothing
14 merchandise to Wal-Mart for sale in the U.S. market on a regular and routine basis. He brings
15 this suit on behalf of himself and all others similarly situated in Nicaragua who are employed by
16 Wal-Mart supplier factories.
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18 23. Plaintiff Jane Doe IX is a citizen and resident of Nicaragua residing in the town of
19 Managua. She was employed at King Young Factory as a quality inspector from the period of
20 January through April, 2004 prior to being fired for her union activity. During her employment,
21 Plaintiff Jane Doe IX was subjected to forced overtime, paid below the legal minimum wage,
22 and denied full overtime compensation. These violations occurred while Plaintiff Jane Doe IX
23 was producing garments for a Wal-Mart work-order issued to King Young. She brings this suit
24 on behalf of herself and all others similarly situated in Nicaragua who are employed by Wal-
25 Mart supplier factories.

26 24. Plaintiff Jane Doe X is a citizen and resident of Nicaragua residing in the town of
27 Sebaco. She has been employed at Presitex, S.A. as a sewing machine operator since January
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1 2000. During her employment, Plaintiff Jane Doe X has been subjected to forced overtime, paid
2 below the legal minimum wage, and denied full overtime compensation. These violations
3 occurred while Plaintiff Jane Doe X was producing garments for a Wal-Mart work-order issued
4 to Presitex. Presitex is a factory located in Managua, Nicaragua, which supplies clothing
5 merchandise to Wal-Mart for sale in the U.S. market on a regular and routine basis. She brings
6 this suit on behalf of himself and all others similarly situated in Nicaragua who are employed by
7 Wal-Mart supplier factories.

8 25. Plaintiff Jane Doe XI is a citizen and resident of Nicaragua residing in the town of
9 Sebaco. She has been employed at Presitex, S.A. as a sewing machine operator since January
10 2001. During her employment, Plaintiff Jane Doe XI has been subjected to forced overtime, paid
11 below the legal minimum wage, and denied full overtime compensation. These violations
12 occurred while Plaintiff Jane Doe XI was producing garments for a Wal-Mart work-order issued
13 to Presitex. She brings this suit on behalf of herself and all others similarly situated in Nicaragua
14 who are employed by Wal-Mart supplier factories.

15 26. The Nicaraguan Plaintiffs could not bring their claims against Wal-Mart in
16 Nicaragua because Nicaragua does not have an independent judiciary and its administrative
17 labor judges and the labor ministers frequently accept bribes from employer factories. Further,
18 even assuming that a case could be brought successfully, the prospect of enforcing a judgment
19 against the employer is virtually impossible and, to date, only a handful of cases have been able
20 to undergo the legal procedure of enforcement. Plaintiffs also could not bring a third party
21 beneficiary claim against Wal-Mart in Nicaragua as this claim would be precluded by the Labor
22 Code, which would force them into a labor law system plagued with corruption. Finally, for the
23 Plaintiffs who are still employed by the identified factories, proceeding with a case for lost
24 wages would effectively destroy their livelihoods and ability to support their families due to
25 certain retaliation they would suffer.
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1 **F. The California Plaintiffs**

2 27. Plaintiff Bruce Reeves was enjoying the pay and benefits attributable to his
3 membership in Local 324 of the United Food and Commercial Workers Union (UFCW). He was
4 working in an environment in which workers' basic rights were respected, and he was being paid
5 a liveable wage. As a direct result of Wal-Mart's announced entry into the Southern California
6 market, Plaintiff's employer, Ralph's, informed him that he would have to take reductions in pay
7 and benefits to cuts costs and allow the employer to attempt to compete with Wal-Mart. Plaintiff
8 understood that if he refused to accept these pay and benefit concessions, there was a high risk
9 that he would lose his job, either due to a reduction in force at his employer or because the
10 employer would go out of business.

11 28. Plaintiff Bruce Reeves suffered a concrete reduction in his pay and benefits that is
12 directly attributable to Wal-Mart's comparative advantage of being able to offer low prices
13 because it produces, or causes to be produced, many of its products outside the United States
14 under conditions that violate the local laws where the good are produced, generally accepted
15 international norms, and the specific provisions of Wal-Mart's own "Code of Conduct."

16 29. Plaintiff Kristine Dall was enjoying the pay and benefits attributable to her
17 membership in Local 324 of the United Food and Commercial Workers Union (UFCW). She
18 was working in an environment in which workers' basic rights were respected, and she was
19 being paid a liveable wage. As a direct result of Wal-Mart's announced entry into the Southern
20 California, Plaintiff's employer, Ralph's, informed her that she would have to take reductions in
21 pay and benefits to cut costs and allow the employer to attempt to compete with Wal-Mart.
22 Plaintiff understood that if she refused to accept these pay and benefit concessions, there was a
23 high risk that she would lose her job, either due to a reduction in force at her employer or
24 because the employer would go out of business.

25 30. Plaintiff Kristine Dall suffered a concrete reduction in her pay and benefits that is
26 directly attributable to Wal-Mart's comparative advantage of being able to offer low prices
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1 because it produces, or causes to be produced, many of its products outside the United States
2 under conditions that violate the local laws where the good are produced, generally accepted
3 international norms, and the specific provisions of Wal-Mart's own "Code of Conduct."

4 31. Plaintiff Christine Kaposy was enjoying the pay and benefits attributable to her
5 membership in Local 770 of the United Food and Commercial Workers Union (UFCW). She
6 was working in an environment in which workers' basic rights were respected, and she was
7 being paid a liveable wage. As a direct result of Wal-Mart's announced entry into the Southern
8 California, Plaintiff's employer, Safeway Corp., informed her that she would have to accept
9 reductions in her benefits and pension plan to cut costs so that Safeway could attempt to compete
10 with Wal-Mart. Plaintiff understood that if she refused to accept these benefit and pension
11 concessions, there was a high risk that she would lose her job, either due to a reduction in her
12 employer's work force or because the employer would go out of business.

14 32. Plaintiff Christine Kaposy suffered a concrete reduction in her pay and benefits
15 that is directly attributable to Wal-Mart's comparative advantage of being able to offer low
16 prices because it produces, or causes to be produced, many of its products outside the United
17 States under conditions that violate the local laws where the goods are produced, as well as
18 generally accepted international norms and the specific provisions of Wal-Mart's own "Code of
19 Conduct."

20 33. Plaintiff Sharlette Villacorta was enjoying the pay and benefits attributable to her
21 membership in Local 770 of the United Food and Commercial Workers Union (UFCW). As a
22 result of Wal-Mart's entry into Southern California, Plaintiff's employer lost a significant
23 amount of business which resulted in the inability of her employer to give any raises or increase
24 in benefits. Plaintiff's and other employees' hours were also cut making it difficult, if not
25 impossible, to make a living wage. As a result, the employees went on strike. After striking, the
26 employees' contracts were even more disadvantageous, specifically because they mandated that
27 the employees would not receive a raise for a period of three years. Plaintiff understood that if
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1 she refused to accept these pay and benefit concessions, there was a high risk that she would lose
2 her job, either due to a reduction in force at her employer or because the employer would go out
3 of business.

4 34. Plaintiff Sharlette Villacorta suffered a negative impact in her employment
5 contract and in her pay and benefits that is directly attributable to Wal-Mart's comparative
6 advantage of being able to offer low prices because it produces, or causes to be produced, many
7 of its products outside the United States under conditions that violate the local laws where the
8 goods are produced, generally accepted international norms, and the specific provisions of Wal-
9 Mart's own "Code of Conduct."

11 **G. Defendant Wal-Mart and the Wal-Mart Code of Conduct**

12 35. Defendant Wal-Mart Stores, Inc. is a for-profit corporation with headquarters in
13 Bentonville, Arkansas. Today, it is the world's largest retailer and is engaged in the business of
14 selling discounted merchandise, including garments and toys, both in the U.S. and
15 internationally. Its retail stores are located throughout the United States, including California.
16 Wal-Mart owns and operates over 140 stores and Sam's Clubs in California, where it directly
17 employs over 40,000 workers. In addition, it has four distribution centers and one office facility
18 located in California, and receives massive amounts of shipments by sea and air in California
19 from its suppliers abroad, including from the specific suppliers at issue in this case. Much of
20 Wal-Mart's products enter the stream of commerce from California.

22 36. Despite its revenue and position as a market leader in the retail industry, Wal-
23 Mart is notoriously known for its consistent failure to protect worker rights in its own stores, as
24 well as in the factories of its overseas suppliers. Since the 1990's, numerous investigations have
25 revealed Wal-Mart's consistent practice of sourcing merchandise from suppliers using
26 sweatshop conditions. Probably the most well known was the 1992 Kathie Lee Gifford
27 controversy. Based on this and other controversies, in 2001 KLD Research & Analytics, Inc.,
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1 who compile the Domini 400 Social Index, removed Wal-Mart from its index of socially
2 responsible corporations. The company had not done enough to ensure that its domestic and
3 international vendors operate factories that meet basic human rights and labor standards. KLD is
4 not alone in sanctioning Wal-Mart. Investigation after investigation of Wal-Mart's operations
5 and suppliers reveal that Wal-Mart is an unrepentant and recidivist violator of human rights.

6 37. Precisely because of the notorious worker rights violations in its supplier
7 factories, which there is no question Wal-Mart had knowledge of, Wal-Mart developed in 1992 a
8 Code of Conduct (known formally as the "Standards for Suppliers"). This was a central
9 decision, made by upper management at the company headquarters in Arkansas, and from its
10 inception, was to apply to all suppliers, including those that are the subject of this litigation. The
11 Code of Conduct, which is incorporated into its supply contracts with foreign suppliers, purports
12 to require all suppliers to adhere to applicable laws regarding basic conditions of employment,
13 including: Compensation; Hours of Labor; Forced Labor/Prison Labor; Child Labor;
14 Discrimination/Human Rights; Freedom of Association and Collective Bargaining; and
15 Workplace Environment.¹ There have been various versions of this Code of Conduct produced
16 by Wal-Mart since 1992, but all versions purport to extend these fundamental rights to workers
17 in Wal-Mart suppliers. As part of its public representations, Wal-Mart promises to do business
18 with suppliers who are in compliance with the Code of Conduct.

20 38. This supply contract and Code of Conduct is uniform and globally-applicable, and
21 is imposed and monitored from Wal-Mart's headquarters in Arkansas. Regional offices,
22 including Bangalore, India, Shenzhen, China, Singapore, and Honduras oversee local production
23 and report directly to Wal-Mart's headquarters in Arkansas. The power to hire and fire staff
24 responsible for monitoring activities is vested in the Central Management office. The regional
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27 ¹ A copy of the most recent (2005) Standard for Suppliers is attached to this Complaint as
28 Exhibit A.

1 offices implement the policies and practices of the Wal-Mart headquarters, resulting in a uniform
2 practice and procedure being applied to all Wal-Mart suppliers in Asia, Africa, and Latin
3 America. Among the requirements imposed by the regional offices, at the direction of the
4 headquarters office, is the requirement that Wal-Mart's Code of Conduct be incorporated in all
5 supplier agreements, including those located in China, Bangladesh, Indonesia, Swaziland, and
6 Nicaragua, the countries identified herein.

7 39. As part of its obligations under the supply contract, and as per its specific promise
8 to the consuming public in the U.S., including California, Wal-Mart promises to monitor
9 supplier factories to ensure compliance with the Code of Conduct. Specifically, the preamble to
10 a 2003 version of the Code of Conduct states that "the conduct of its suppliers can be attributed
11 to Wal-Mart and affect its reputation, . . . and hereby reserves the right to make periodic,
12 unannounced inspections of supplier's facilities to satisfy itself of supplier's compliance with
13 these standards." The 2005 version reinforces that Wal-Mart has the "right of inspection."

14 40. Paragraph 5 of the 2004 version of the Code of Conduct (FACTORY
15 INSPECTION REQUIREMENTS) requires that "[s]cheduled inspections should typically be
16 conducted a maximum of three times per year to ensure compliance with the standards, terms,
17 and conditions set forth herein. Wal-Mart reserves the right to conduct unannounced factory
18 inspections. . . . In the case of suppliers working through Global Procurement Direct Imports,
19 audits should be conducted by Wal-Mart's internal auditors." The 2005 version provides a
20 specific "right of inspection" to Wal-Mart.

21 41. Wal-Mart's monitoring consists of factory investigations by Wal-Mart hired
22 auditors based on a color coded system: factories with low-risk violations are assessed as Green,
23 factories with medium-risk violations are assessed as Yellow, factories with high-risk violations
24 are assessed as Red, and factories with critical violations are Failed. However, significant
25 numbers of factories receive Yellow (medium risk) and Red (high risk) ratings, particularly
26 those in China, but Wal-Mart continues to source from them. Further, other than child labor,
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1 there are not clear guidelines on what violations fall under the particular ratings. It also requires
2 two consecutive Red ratings for Wal-Mart to suspend orders, but the company can request
3 purchases again from these same factories once the factory receives a Yellow rating, still
4 medium risk. Thus, Wal-Mart products are being produced by workers in facilities that are
5 known risks. Further, at most, only 8% of all Wal-Mart audits in 2004 are unannounced, and
6 while auditors are supposed to perform off-site worker interviews for each audit, Wal-Mart
7 admits that workers are often coached on the answers to give inspectors.

8 42. Because Wal-Mart's system limits factory inspections to those conducted by
9 internal Wal-Mart auditors, or relies upon consultants paid for by Wal-Mart, it is far from
10 effective and allows rampant violations to continue. In essence, based on its policy created by
11 central management, Wal Mart's code enforcement is a closed loop: Wal-Mart adopts the code,
12 monitors the code, and reports on whether code compliance has been achieved – in the absence
13 of meaningful transparency and in the absence of any independent, external mechanisms for
14 enforcing the code. A dramatic illustration of the corrupt nature of the system is that a former
15 regional inspector for Wal-Mart recently sued the company for terminating him after he
16 protested the utter lack of integrity in the inspection process. Among other things, he exposed
17 that Wal-Mart inspectors were pressured to produce positive reports for factories not in
18 compliance with the Code of Conduct to avoid any disruption in the Wal-Mart production
19 process.
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21 43. The conditions endured by the Plaintiffs in violation of law and the Wal-Mart
22 Code of Conduct are the result of Wal-Mart's central practices of ignoring the requirements of
23 its Code of Conduct, and knowingly imposing price and time requirements on suppliers that
24 necessarily result in sweatshop conditions. Further, Wal-Mart fails to take account of its
25 knowledge of risk and knowingly uses factories that have failed to pass even Wal-Mart's lax
26 system of inspection and monitoring. Knowing of the risks in many of its suppliers, Wal-Mart
27 still fails to exercise adequate supervision of compliance with its Code of Conduct, as well as
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1 compliance with local laws and well-established international standards, such as Conventions of
2 the ILO. In contrast, Wal-Mart has an effective system of monitoring and supervision to ensure
3 that all of its suppliers, including those named herein, meet Wal-Mart's standards for price,
4 quality and timely delivery.

5 44. Wal-Mart acknowledges, and represents to the public, in both its 2002 and 2003
6 Annual Report on Supplier Standards and/or Factory Certification Report (hereinafter "Supplier
7 Standards Reports") that its "Factory Certification Program" used to implement the Code of
8 Conduct has the "fundamental objective" of "encourag[ing] implementation of necessary
9 changes that will ultimately result in an improved quality of life for the workers who supply our
10 stores with the merchandise our customers demand." In 2005 Wal-Mart began calling its overall
11 monitoring effort the "Ethical Sourcing Program."

12 45. All Wal-Mart suppliers must sign the Code of Conduct and acknowledge that they
13 have read and accept the terms. They must also acknowledge that failure to comply with the
14 Code of Conduct can result in the immediate cancellation by Wal-Mart of all orders and refusal
15 by Wal-Mart to continue to do business in any manner with the supplier. All suppliers must also
16 post, in the local language, a copy of the Code of Conduct in a location that is visible to all
17 employees.

18 46. In Appendix B to its 2002 Supplier Standards Report, Wal-Mart states that it
19 "trains its auditors to review factory practices against Wal-Mart's standards and local and
20 national requirements." The auditors must then "report the findings, and then the Wal-Mart
21 Factory Certification Department assesses the factories." Further, "during the factory visit, the
22 auditor will interview employees."

23 Paragraph 6 (RIGHT OF INSPECTION) of the 2004 Code of Conduct also provides that:

24 [t]o further assure proper implementation of an compliance with the
25 standards set forth herein, Wal-Mart or a third party designated by
26 Wal-Mart, will undertake affirmative measures, such as on-site inspection
27 of production facilities, to implement and monitor said standards. Any
28 supplier which fails or refuses to comply with these standards or does
not allow inspection of production facilities is subject to immediate

1 cancellation of any and all outstanding orders, refuse or return any
2 shipment, and otherwise cease doing business with Wal-Mart.

3 47. Plaintiffs, and members of the proposed subclasses, as a matter of economic
4 reality, have been and are dependent upon Wal-Mart for their livelihoods and supplier
5 compliance with the minimum and overtime wage protections within Wal-Mart's Code of
6 Conduct. Based on its vast economic power, Wal-Mart, based on its Code of Conduct, can and
7 does control the working conditions within the supplier factories. It could use its power and
8 position to prevent its producers from profiting from the inhumane treatment of Plaintiffs and
9 members of the proposed subclasses. Instead, Wal-Mart is itself the reason for the inhumane
10 conditions. It uses its vast market power to insist on low unit prices that are possible only if
11 workers are squeezed to such an extreme degree that they can barely survive the long hours and
12 low wages they are forced to endure. Indeed, Wal-Mart's pricing methods necessarily assume
13 that its profits will be based in part on forcing suppliers to systematically and routinely deprive
14 the workers of their basic rights and legally-mandated benefits.

15 48. Specifically, Wal-Mart controlled the working conditions imposed upon Plaintiffs
16 by the identified suppliers through its supply contract, as evidence by the following:

17 (a) Wal-Mart exercised meaningful control over the minimum wage and overtime
18 policies of the identified supplier factories due to its obligation under the supply contract to
19 monitor and audit the working conditions therein;

20 (b) Wal-Mart exercised meaningful control over the minimum wage and overtime
21 policies of the supplier factories through the power to cancel any and all outstanding orders,
22 refusal or return of any shipment, and the ability to cease a business relationship with the
23 supplier in non-compliance the Code of Conduct;

24 (c) Wal-Mart exercised meaningful control over the operative details of Plaintiffs' tasks,
25 including the quantity, quality standards, turnaround time, and other operative details of the
26 production process with regards to the production of goods to be exported to Wal-Mart stores;

27 (d) Wal-Mart personnel and/or its agents supervised the production process by, according
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1 to its own obligations under the supply contract, being present at the supplier factories where
2 Plaintiffs worked, and because they review, inspect, oversee, monitor and audit such work,
3 routinely taking random samples from the production line before shipment to ensure quality
4 control; and

5 (e) Wal-Mart ultimately has control over the working conditions at all of its suppliers
6 because of its notorious policy of requiring the lowest possible prices, which Wal-Mart knows,
7 makes it impossible for suppliers to comply with even the most basic laws where they operate,
8 including wage and hours laws.

9 49. Wal-Mart operates with specific knowledge that a large member of its suppliers
10 operate in violation of law, as well as in violation of Wal-Mart's Code of Conduct and Wal-Mart
11 further knows its monitoring process may be the sole mechanism available to workers in supplier
12 factories to obtain legal compliance. Indeed, in both its 2002 and 2003 Supplier Standards
13 Reports, Wal-Mart admits that in "[m]any countries we source from have very good labor laws
14 but, for a variety of reasons, they may not be routinely enforced. In many cases our auditing
15 process is the main law enforcement mechanism for the factories from which we source."
16

17 18 **III. SPECIFIC DAMAGES SUFFERED BY PLAINTIFFS**

19 **A. The China Plaintiffs**

20 50. Plaintiffs John Doe I and II have been employed at XXX factory in Shenzhen,
21 China since at least early 2000, and are currently employed there today. Continually throughout
22 their employment, Plaintiffs John Doe I and John Doe II have been subjected to forced overtime
23 and denied full overtime pay. They also do not receive the legal minimum wage, and are not
24 permitted to take holidays off, weekly days off, or provided with daily rest periods mandated by
25 the labor laws of China. Finally, XXX company withholds the first three months of all workers'
26 pay, including Plaintiffs John Doe I and John Doe II's pay, and if any worker quits, this pay is
27 retained by the company. Given the hand-to-mouth subsistence of the workers, this effectively
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1 prevents John Doe I and John Doe II from leaving their employment at XXX factory, and has
2 denied them even a semblance of a personal life because they are constantly being forced to
3 work extra hours for no additional pay.

4 51. Plaintiffs Jane Doe I and II have been employed at YYY factory in Shenzhen,
5 China as sewing machine operators since 2003 and are currently employed there today. On a
6 regular basis, Plaintiffs Jane Doe I and Jane Doe II are subjected to forced overtime and denied
7 full overtime pay. They, along with their co-workers, are routinely required to punch out after
8 nine hours of work, and then forced to work until they have finished their daily quota. They are
9 not paid for this extra work, which often is several more hours a day and requires them to work
10 late into the night. Neither Plaintiff Jane Doe I or Jane Doe II have a choice, but are forced to
11 stay for this unpaid work, or they will lose their position and be blacklisted, a common practice
12 which garment factories in Shenzhen, China use to keep workers in line.

13 52. Plaintiffs Jane Doe I and Jane Doe II also do not receive the legal minimum wage,
14 and are not permitted to take holidays off, weekly days off, or daily rest periods mandated by the
15 labor laws of China. Finally, Plaintiffs Jane Doe I and Jane Doe II are not provided with any
16 safety equipment, and both suffer from respiratory illness and skin rashes as a result of the cotton
17 and wool dust they are constantly exposed to.

18 19 20 **B. The Bangladesh Plaintiffs**

21 53. Plaintiff Jane Doe III was employed as a helper and junior sewing operator by
22 Western Dresses factory from approximately September 2002 through April 2004, where she
23 was subjected to forced overtime, denied full overtime pay, and severely beaten.

24 54. As a helper, Plaintiff Jane Doe III's job was to measure and mark with chalk the
25 location where the back pocket was to be sewn on the pants being assembled. During this time,
26 she worked from 7:45 a.m. to 10:00 or 11:00 p.m. seven days a week with only two minimal rest
27 breaks in between lasting between 20 to 30 minutes. In the first six months that she worked she
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1 did not have a single day off, yet was paid below the minimum wage. Nor could she refuse to
2 work the required hours of overtime as the factory doors are locked and she would be fired
3 immediately if she left.

4 55. The extremely long hours worked by Plaintiff Jane Doe III were necessary to
5 produce between 120 and 150 pieces per hour. During her first week of work, her line
6 supervisor attacked Jane Doe III by slapping her face so hard that her nose began bleeding
7 simply because she was unable to meet this high quota. The supervisor slapped her four times,
8 each time screaming that she was not making her quota. Jane Doe III was so frightened that she
9 began to cry, and fainted.

10 56. After six months when Plaintiff Jane Doe III became a junior sewing operator,
11 she continued to have to produce 120 pieces per hour and if she did not meet this quota, the line
12 supervisors would forcefully slap the pants across her face. As a sewing operator, she had to
13 work even more hours of overtime, working from 8:00 a.m. until 3:00 a.m. at least 7 or 8 nights
14 a month prior to the shipments going out. At times, she had to work until 7:00 a.m. the next
15 morning. For all this, Jane Doe III was paid less than the legally-mandated minimum and
16 overtime wages.

17 57. Plaintiff Jane Doe IV was employed as a sewing operator by Lucid Garments
18 factory in Dhaka, Bangladesh from approximately October 2000 through October 2002. About a
19 year and three months into working for Lucid Garments, Plaintiff Jane Doe IV became pregnant
20 yet continued to work at the factory. However, during her seventh month of pregnancy, she
21 became ill and could not maintain the rapid pace of production. Her supervisor refused to let her
22 take a rest break, screaming that he did not want to hear anything about her being pregnant and
23 that she should leave the factory if she did not want to work. Unable to continue working, Jane
24 Doe IV had to take a short break sitting by the side of her machine. The supervisor stood over
25 her and then kicked her hard in her stomach. Plaintiff Jane Doe IV fell to the floor crying and
26 immediately felt the baby shift. Her daughter, who is now two years old, was born with a bruise
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1 on her head, which remains extremely sensitive to the touch.

2 58. After this horrific incident, Plaintiff Jane Doe IV was only able to go home after
3 the production manager interceded and gave permission. However, she was forced to return the
4 next morning and work in the factory until she was about 8 ½ months pregnant. Upon leaving,
5 she was denied any maternity benefits even though Bangladeshi law mandates twelve weeks
6 paid maternity leave.

7 59. During Plaintiff Jane Doe IV's employment with Lucid Garments, she was also
8 paid below the legal minimum wage and denied full overtime pay. Specifically, she worked from
9 8:00 in the morning to 10:00 or 11:00 p.m. seven days a week with only one day off per month.
10 At times, she was forced to work until 3:00 in the morning.

11 12 **C. The Indonesia Plaintiffs**

13 60. Plaintiff Jane Doe V is employed in the Sewing Department of PT Citra
14 Bumilang Admitra as a sewer. From approximately June 2004 until approximately September
15 2004, when the Wal-Mart contract with PT Citra Bumilang Admitra was terminated, she was
16 required to work from 6:45 or 7:00 a.m. (even though her paid shift did not begin until 7:30
17 a.m.) until as late as 8:00 to 10:00 p.m. at night, Mondays through Fridays. Her supervisor
18 yelled at her when she left one night at 6:00 p.m., as the quota had not yet been met for that day.
19 She frequently was forced to work through her lunch hour without pay in order to meet the
20 quota. These violations occurred as Plaintiff Jane Doe V worked sewing George jackets for
21 Wal-Mart. Additionally, she was required to work Saturdays, from 7:30 a.m. until as late as 3:00
22 or 4:00 p.m.

23 61. Plaintiff Jane Doe V was not paid overtime for much of this work, despite the fact
24 that Indonesian law requires overtime to be paid after 7 hours worked per day (in the event that a
25 worker is, like Plaintiff Jane Doe V, on a six-day workweek schedule). Frequently, overtime
26 was not paid for work performed after 7 hours of work, and though she was sometimes
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1 compensated for part of the additional work at straight time, she was often not paid at all for two
2 or more hours of work per day. She regularly worked far in excess of the maximum hours
3 allowed by Article 78 of Indonesian Law 13 of 2003 Concerning Manpower, which establishes
4 that a worker may only be allowed to work overtime for three hours per day, or 14 hours in a
5 week. These excessive hours worked by Plaintiff Jane Doe V were necessary to allow PT Citra
6 Bumilang Admitra to meet Wal-Mart's demanding quotas and delivery times. For all the hours
7 worked, Plaintiff Jane Doe V was paid less than the legally-mandated minimum and overtime
8 wages.

9 62. Plaintiff Jane Doe VI was employed in the Finishing Department of PT Citra
10 Bumilang Admitra. From approximately June 2004 until July 2004, she was required to work
11 certain periods of time without pay. She was required to begin work at 6:45 or 7:00 a.m., off the
12 clock, prior to her established shift time of 7:30 a.m. She was also required to work through all
13 or part of her lunch break in order to make her quotas. Plaintiff Jane Doe VI was also subjected
14 to discrimination because of her union activities. PT Citra Bumilang Admitra refused to allow
15 her to work overtime altogether in June 2004; in prior years, overtime had as much as doubled
16 her regular, non-overtime salary. In July 2004, PT Citra Bumilang Admitra suspended her due
17 to her activities as a union advocate and steward.

18 63. Plaintiff Jane Doe VI saw Wal-Mart representatives visit the plant regularly.
19 Some representatives wore jackets with the Wal-Mart name on them; others wore the George
20 jackets that PT Citra Bumilang employees were producing, and left them at the factory as
21 models. The Wal-Mart representatives checked production, and called employees out of the
22 production line to tell them they were doing the work incorrectly. Wal-Mart production quotas
23 were far higher than quotas from previous buyers, and her supervisor regularly yelled at her and
24 her colleagues if the work was not performed quickly enough. It was almost impossible to leave
25 the work station during the day for a few moments, even to go to the bathroom, and still manage
26 to make the quotas. She complained to one Wal-Mart representative that their quotas were too
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1 high, and that the work was rushed as a result, but did not receive a satisfactory response.
2 Plaintiff Jane Doe VI heard her supervisor routinely order other employees to continue working
3 after 3:00 p.m., without overtime pay (and often without pay altogether). He expressly stated to
4 them that they had to export the George jackets on time, and state that “with Wal-Mart, we can
5 not have overtime.” Her supervisor informed her that the Director of PT Citra Bumilang
6 Admitra had informed him that Wal-Mart was paying such a low price for the coats, that they
7 had to pay the workers less as a result.

8 64. Plaintiff John Doe III is employed as a chief mechanic by PT Busanaremaja
9 Agracipta in Tangerang, Indonesia, where one of his principal responsibilities is servicing and
10 repairing sewing machines used in production lines making female undergarments for Wal-Mart.
11 He also serves as a foreman for other mechanics. Since approximately 2002 when PT
12 Busanaremaja Agracipta began receiving work contracts from Wal-Mart, to the present, Plaintiff
13 has worked at least 12 hours per day (not counting breaks), five days a week. When a Wal-Mart
14 shipment was due, however, he often worked 15 hours, and sometimes even longer per day. He
15 also regularly works 7 hours on Saturdays. He is not paid overtime for his work, despite the fact
16 that Indonesian law requires overtime to be paid after 7 hours worked per day (in the event that a
17 worker is, like Plaintiff John Doe III, on a six-day workweek schedule). He regularly works far
18 in excess of the maximum hours allowed by Article 78 of the Indonesian Law 13 of 2003
19 Concerning Manpower, which establishes that a worker may only be allowed to work overtime
20 for three hours per day, or 14 hours per week. These excessive hours worked by Plaintiff John
21 Doe III were necessary to allow PT Busanaremaja Agracipta to meet Wal-Mart’s demanding
22 quotas and delivery times. Additionally, he and other workers regularly work some of their
23 lunch break, at the insistence of PT Busanaremaja Agracipta, even though this time is not
24 compensated.

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26 65. Wal-Mart’s Code of Conduct is posted on the walls of PT Busanaremaja
27 Agracipta. Additionally, Plaintiff John Doe III’s supervisor provided him with a copy of the
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1 Code of Conduct, to distribute to the employees for whom he served as foreman. As a union
2 representative, Plaintiff John Doe III regularly received complaints from his colleagues,
3 including workers in the packing, cutting, sewing, and quality control departments of PT
4 Busanaremaja Agracipta, regarding unpaid overtime and other violations of labor law for work
5 they performed producing Wal-Mart products. Wal-Mart representatives inspect the factory
6 every six months. However, in 2003, the PT Busanaremaja Agracipta Factory Manager ordered
7 Plaintiff John Doe III, and other workers, to inform Wal-Mart inspectors, if asked, that they do
8 not work much overtime, and that their leave is properly paid.
9

10 **D. The Swaziland Plaintiffs**

11 66. Jane Doe VII was employed as a machinist responsible for sewing pants, jackets
12 and shirts at Leo Garments. During June through September 2002 as well as June and July 2003,
13 Plaintiff Jane Doe VII produced garments for a Wal-Mart order. She was told specifically by her
14 supervisor that the order was for Wal-Mart and witnessed Wal-Mart quality control personnel
15 visiting the factory during each of these work orders. Jane Doe VII also saw Wal-Mart's Code of
16 Conduct displayed in the factory and understood that the worker rights provisions contained
17 therein were for her direct benefit.
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19 67. During this work order, Jane Doe VII was forced to work overtime between the
20 hours of 5:00 - 9:00 p.m. approximately 2 - 3 times per week. These hours were in addition to
21 her normal work day of 7:00 a.m. to 5:00 p.m. On several occasions during this time period, Jane
22 Doe VII was also forced to work on Sunday between the hours of 8:00 a.m. to 3:00 p.m. Jane
23 Doe VII could not refuse to work overtime since failure to do so would result in termination.
24 Nor was she allowed to use the restrooms as needed, and she was not provided an adequate break
25 between her normal working hours and the required overtime. Rather, restroom breaks were
26 strictly monitored.
27

28 68. Through the Swaziland 2002 Wages Order, which is an amendment to the Wages

1 Act of 1964, a machinist must be paid 201.36 Emalangeni every two weeks, (E 4.2 per hour). A
2 machinist is an employee who operates an electrical sewing machine to manufacture clothing or
3 garments. A legal work week constitutes 48 hours. After 48 hours, an employee must be paid 1
4 ½ times his or her normal hourly rate and twice his or her normal rate for work on Sundays. In
5 compensation for hours worked, however, Jane Doe VII was paid less than the legally-mandated
6 minimum and overtime wages.

7 69. As a result of being paid below the required minimum and overtime wages, Jane
8 Doe VII engaged in efforts to establish a union at Leo Garments and to demand a wage
9 increment. She was subsequently terminated for such activities, along with several of her co-
10 workers.

11 70. Plaintiff Jane Doe VIII is currently employed as a machinist by Hong-Yein
12 factory in Mastapha, Swaziland and has been employed since June 2003. During the period of
13 July through November 2003, she produced T-shirts for a Wal-Mart order and was forced to
14 work overtime to complete the order. Specifically, Plaintiff Jane Doe VIII worked approximately
15 10 hours a week of overtime during this time period for which she was not properly
16 compensated. The hours worked by Jane Doe VIII was in addition to her normal work hours of
17 7:00 a.m. to 5:00 p.m. After her normal hours, she was not provided a break prior to overtime.
18 Nor could she refuse to work overtime.

19 71. John Doe IV was employed at Master Garments, in Mastapha, Swaziland as a
20 machinist. He was responsible for sewing garments for a Wal-Mart order during September and
21 October 2003. John Doe IV recalls Wal-Mart quality control persons visiting the factory during
22 the work order. During the order, he was threatened with immediate dismissal if he did not work
23 overtime and the factory doors were locked to ensure he did not leave. He was forced to work
24 approximately four nights a week during this time period, from 5:00 p.m. through 9:00 p.m., and
25 on one occasion, on September 4, 2003, he was forced to work overnight. Specifically, John Doe
26 IV began work on September 4, 2003 at 7:00 a.m. and did not leave until the next day September
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1 5, 2003 at 11:00 p.m., during which time no adequate breaks were provided. Additionally, John
2 Doe IV was paid less than the legally-mandated minimum and overtime wages. John Doe IV
3 complained several times about the underpayment to no avail and instead his pay rate was
4 arbitrarily reduced.

6 **E. Nicaragua Plaintiffs**

7 72. Plaintiff John Doe V was required to work a total of 70 hours per week during his
8 three months of employment at King Yong in order to complete a production order for Wal-
9 Mart. He knew this was an order for Wal-Mart because he was told by the line supervisor and he
10 frequently saw Wal-Mart quality control personnel visiting the factory and inspecting the order.

11 73. Specifically, John Doe V was required to work 7:00 a.m.- 7:00 p.m. two days a
12 week; 7:00 a.m.- 10:00 p.m. three days a week; and 7:00 a.m.- 3:00 p.m. on Saturdays. Only a
13 short 30 minute break was provided between the normal workday ending at 5:00 p.m. and the
14 overtime hours beginning at 5:30 p.m. For the 22 extra hours of overtime (excluding meal
15 breaks), he was not paid double his normal rate as required by law, and there are several
16 occasions where he was not paid even his regular rate. In Nicaragua, the law limits the legal
17 work week to forty-eight (48) hours. An employee can only work an additional nine hours of
18 overtime per week according to Article 58, Title III of the Nicaraguan Labor Code. Further,
19 according to Article 62, all overtime must be compensated by a payment of double the worker's
20 normal pay rate. A factory worker in Nicaragua is required to be paid 37 cordobas per day
21 (approximately \$2.40). On average, however, Plaintiff John Doe V received below the legal
22 overtime rates. The overtime hours worked are reflected on his time-clock card and the employer
23 also maintained a separate log of overtime hours worked.

24 74. John Doe V believed he had no choice but to work overtime and even if he
25 wanted to leave could not as the factory doors are locked shut and the fences to the industrial
26 park where the King Yong factory is located has electric wires. Other employees who
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1 complained about overtime were either reprimanded or fired.

2 75. Plaintiff Jane Doe IX was also required to work a total of 70 hours per week
3 during her four months of employment at King Yong in order to complete a production order for
4 Wal-Mart. She knew this was an order for Wal-Mart because as a quality inspector, she is told
5 by her boss who the client is and the specifications of the order for the particular client. For this
6 particular order, she was inspecting women's shirts.

7 76. Jane Doe IX was required to work 7:00 a.m.- 7:00 p.m. two days a week; 7:00
8 a.m.- 10:00 p.m. three days a week; and 7:00 a.m.- 3:00 p.m. on Saturdays. Only a short 30
9 minute break was provided between the normal workday ending at 5:00 p.m. and the overtime
10 hours beginning at 5:30 p.m. For the 22 extra hours of overtime (excluding meal breaks), she
11 was not paid double her normal rate, as required by law, and there are several occasions where
12 she was not paid even her regular rate. The overtime hours worked are reflected on her time-
13 clock card and the employer also maintained a separate log of overtime hours worked.

14 77. Jane Doe IX believed she had no choice but to work overtime and even if she
15 wanted to leave could not as the factory doors are locked shut and the fences to the industrial
16 park where the King Yong factory is located has electric wires. Other employees who
17 complained about overtime were either reprimanded or fired.

18 78. While working for Presitex, Plaintiff Jane Doe X was required to work a total of
19 16-20 hours per week in overtime to complete a Wal-Mart pants work order during the months
20 of December 2003 through May 2004. During her work on the Wal-Mart order, Plaintiff Jane
21 Doe X was forced to work from Monday through Friday from 5:30 p.m.- 8:30 p.m. and
22 Saturdays from 1:00 p.m.- 5:00 p.m. in overtime hours for which she was not paid the proper
23 overtime pay. About twice a month, she is was required to work on Sundays from 7:00 a.m. -
24 12:00 p.m. for which she was not paid the proper overtime rate. There were also pay periods
25 when she was not paid at all for the overtime hours she worked. However, Jane Doe X believes
26 that the overtime hours worked are reflected on her time-clock card, which she punched twice
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1 daily at 7:00 a.m. and again at 8:30 p.m. during the week and at 1:00 p.m. and 5:00 p.m. on
2 Saturdays.

3 79. Jane Doe X believed she had no choice but to work overtime and even if she
4 wanted to leave could not as the factory doors are locked shut and the fences to the industrial
5 park where the King Yong factory is located has electric wires. Other employees who
6 complained about overtime were either reprimanded or fired.

7 80. While working for Presitex, Plaintiff Jane Doe XI was also required to work a
8 total of 16 - 20 hours per week in overtime to complete a Wal-Mart work order during the
9 months of December 2003 through May 2004. During the Wal-Mart order, she was required to
10 work from Monday through Friday from 5:30 p.m.- 8:30 p.m. and Saturdays from 1:00 p.m.-
11 5:00 p.m. in overtime hours for which she was not paid the proper legally-mandated minimum
12 and overtime wages. About twice a month, she was also required to work on Sundays from 7:00
13 a.m. - 12:00 p.m. for which she was also not paid the proper overtime rate. There were also pay
14 periods when she was not paid at all for the overtime hours she worked. On average between 8 -
15 10 hours of overtime were not reported on her pay slip during the Wal-Mart order. However,
16 Jane Doe XI believes that the overtime hours worked are reflected on her time-clock card, which
17 she punched twice daily at 7:00 a.m. and again at 8:30 p.m. during the week and at 1:00 p.m. and
18 5:00 p.m. on Saturdays.

19 81. Jane Doe XI believed she had no choice but to work overtime and even if she
20 wanted to leave could not as the factory doors are locked shut and the fences to the industrial
21 park where the King Yong factory is located has electric wires. Other employees who
22 complained about overtime were either reprimanded or fired.

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25 **E. California Plaintiffs**

26 82. As discussed in paragraphs 27-34, *supra*, the California Plaintiffs, Bruce Reeves,
27 Kristine Dall, Christine Kaposy, and Sharlette Villacorta, suffered a loss of pay and benefits, in
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1 amounts to be proven at trial, directly attributable to their employers' need to lower costs to
2 compete with Wal-Mart in the Southern California market. These employers were placed at an
3 unfair competitive disadvantage because Wal-Mart states falsely to consumers that it offers low
4 prices while still providing fair pay and benefits to its workers and the workers of its suppliers.
5 As a direct result of Wal-Mart's announced entry into the Southern California, Plaintiffs'
6 employers informed them that they would have to accept reductions in pay and benefits to cut
7 costs and allow their employers to attempt to compete with Wal-Mart. Plaintiffs understood that
8 if they refused to make these pay and benefit concessions, there was a high risk that they would
9 lose their jobs, either due to a reduction in force at their employer or because their employer
10 would go out of business.

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13 **IV. CLASS ACTION ALLEGATIONS**
14 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
15 **and Proposed Class Members**

16 83. Plaintiffs incorporate by reference paragraphs 1 - 82 of this Complaint as if
17 set forth herein.

18 84. Pursuant to the specific damages identified above, Plaintiffs bring this action
19 individually and on behalf of a class of past, present and future workers employed by Wal-Mart
20 supplier factories in the identified countries comprising of the following five (5) sub-classes:

21 A. All individuals, who during the period September 2002 to the present, like class
22 representative Plaintiffs John Doe I and II and Jane Doe I and II, performed any work on
23 any merchandise order to be supplied to Wal-Mart, and who were paid below the
24 minimum wage for their job category, forced to work overtime, denied full overtime
25 compensation, and/or denied legally mandated benefits in a Wal-Mart supplier factory
26 located in Shenzhen, China, where there is a great concentration of Wal-Mart supplier
27 factories.

28 B. All individuals, who during the period September 2002 to the present, like class

1 representative Plaintiffs Jane Doe III and IV, performed any work on any merchandise
2 order to be supplied to Wal-Mart, and were paid below the minimum wage for their job
3 category, forced to work overtime, denied full overtime compensation, and/or denied
4 legally mandated benefits in a Wal-Mart supplier factory located in Dhaka, Bangladesh,
5 where there is a concentration of supplier factories producing for Wal-Mart.

6 C. All individuals, who during the period September 2002 to the present, like class
7 representative Plaintiffs Jane Doe V and VI, and John Doe III, performed any work on
8 any merchandise order to be supplied to Wal-Mart, and were paid below the minimum
9 wage for their job category, forced to work overtime, denied full overtime compensation,
10 and/or denied legally mandated benefits in a Wal-Mart supplier factory located in Bogor,
11 Indonesia, where there is a concentration of supplier factories producing for Wal-Mart.

12 D. All individuals, who during the period September 2002 to the present, like class
13 representative Plaintiffs Jane Doe VII and VIII, and John Doe IV, performed any work
14 on any merchandise order to be supplied to Wal-Mart, and were paid below the minimum
15 wage for their job category, forced to work overtime, denied full overtime compensation,
16 and/or denied legally mandated benefits in a Wal-Mart supplier factory located in
17 Mastapha, Swaziland, where there is a concentration of supplier factories producing for
18 Wal-Mart.

19 E. All individuals, who during the period September 2002 to the present, like class
20 representative Plaintiffs Jane Doe IX, X, XI, and John Doe V, performed any work on
21 any merchandise order to be supplied to Wal-Mart, and were paid below the minimum
22 wage for their job category, forced to work overtime, denied full overtime compensation,
23 and/or denied legally mandated benefits in a Wal-Mart supplier factory located in
24 Managua and Sebaco, Nicaragua, where there is a concentration of supplier factories
25 producing for Wal-Mart.

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27 85. The identified sub-classes are so numerous that joinder of all members is
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1 impracticable. Plaintiffs believe that there are thousands of members in each sub-class.

2 86. There are questions of law and facts common to the proposed sub-classes. Such
3 common questions include but are not limited to, the following:

4 a. Whether and to what extent Plaintiffs and Proposed Class Members were exposed
5 to unlawful working conditions based on Wal-Mart's common operation practices and
6 procedures with respect to supplier factories.

7 b. Whether the suppliers at issue breached their supply agreement with Wal-Mart to
8 the direct detriment of Plaintiffs and Proposed Class Members by failing to pay the required
9 minimum and overtime wages, and by subjecting employees to forced overtime practices.

10 c. Whether Wal-Mart breached its obligations in the supply agreement to
11 adequately monitor working conditions within supplier factories producing goods for Wal-Mart
12 stores.

13 d. Whether Wal-Mart breached its obligations in the supply agreement by failing
14 to suspend the supply agreement with any supplier found to be in non-compliance.

15 e. Whether Wal-Mart knew, reasonably should have known, or recklessly
16 disregarded the violations of the worker rights protections provided under its Code of Conduct in
17 the supplier factories and/or acted to perpetuate these violations or failed to take steps to remedy
18 these violations.

19 87. Plaintiffs' claims are typical of the claims of the class. Plaintiffs seek redress for
20 the same conduct that has affected all Proposed Class Members and press legal claims which are
21 the same for all Proposed Class Members.

22 88. Plaintiffs are all members of the class they seek to represent and will fairly and
23 adequately represent the class. Plaintiffs do not have conflicts of interest with members of the
24 class and have retained counsel who are experienced in complex litigation, including class
25 actions and international litigation, who will vigorously prosecute this action.

26 89. A class action is the superior method for adjudication of this controversy. In the
27 absence of a class action, courts will be unnecessarily burdened with multiple, duplicative
28 individual actions. Moreover, this action is properly maintainable as a class action because
Defendant Wal-Mart has acted and/or refused to act on grounds generally applicable to the
Proposed Class, thereby making damages and corresponding equitable relief appropriate to the
Proposed Class as a whole. Questions of law and fact common to the class also predominate over

1 any questions affecting only individual members.

2
3 **V. CLASS ACTION ALLEGATIONS**
4 **On Behalf of the California Plaintiffs and Proposed Class Members**

5 90. The California Plaintiffs incorporate by reference paragraphs 1-89 of this
6 Complaint as if set forth herein.

7 91. Pursuant to the policies and practices of Defendant Wal-Mart identified above,
8 the California Plaintiffs bring this action individually and on behalf of a class of California
9 residents who have expended resources and/or lost resources as a result of Wal-Mart's unfair
10 business practices under California's Unfair Business Practice Act §17200.

11 92. As with the proposed class of workers, a class action is also the superior method
12 for adjudication of the issues raised by the California Plaintiffs. Further, this group of California
13 Class Members is so numerous that joinder of all members is impracticable.

14 93. There are questions of law and fact common to the California Class Members.
15 Such common questions include, but are not limited to, whether Wal-Mart's failure to
16 adequately monitor the working conditions in supplier factories producing products for Wal-
17 Mart stores, and its failure to take steps to ensure supplier compliance, and/or terminate its
18 relationship with suppliers in non-compliance in light of its publicly advertised and promoted
19 Code of Conduct, constitutes an unfair business practice.

20 94. The California Plaintiffs' claims are typical of the claims of the class. They seek
21 redress for the same conduct that has affected all Proposed California Class Members and press
22 legal claims which are the same for all California Class Members.

23 95. The California Plaintiffs are all members of the class they seek to represent and
24 will fairly and adequately represent the class. The California Plaintiffs do not have conflicts of
25 interest with members of the class and have retained counsel who are experienced in complex
26 litigation, who will vigorously prosecute this action.
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1 **VI. CAUSES OF ACTION**

2 **FIRST CAUSE OF ACTION**
3 **BREACH OF CONTRACT FOR DENIAL OF MINIMUM AND OVERTIME WAGES**
4 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
5 **and Proposed Class Members**

6 96. Plaintiffs incorporate by reference paragraphs 1 - 95 of this Complaint as if
7 set forth herein.

8 97. The Code of Conduct section entitled “COMPENSATION” requires that:
9 “[s]uppliers shall fairly compensate their employees by providing wages and benefits, which are
10 in compliance with the local and national laws of the jurisdictions in which the suppliers are
11 doing business.” The Code of Conduct was created specifically to promote adherence to worker
12 rights and basic human rights, as well as compliance with all applicable local laws. Indeed, Wal-
13 Mart acknowledges in both its 2002 and 2003 Annual Report on Supplier Standards (and/or
14 Factory Certification Report) that its “Factory Certification Program” has the “fundamental
15 objective” of “encourag[ing] implementation of necessary changes that will ultimately result in
16 an improved quality of life for the workers who supply our stores with the merchandise our
17 customers demand.” It is further required by Wal-Mart’s Code of Conduct, that all suppliers
18 post in the local language a copy of the Standards for Suppliers in a location that is visible to all
19 employees.

20 98. Plaintiffs either saw posted in the supplier factory or were otherwise made aware
21 of Wal-Mart’s Code of Conduct and understood that the worker rights protections contained
22 therein, specifically with regards to minimum and overtime wages, were for their direct benefit.

23 99. Despite the foregoing provision with respect to minimum and overtime wages,
24 Plaintiffs were routinely paid below the minimum and overtime wages as required by the laws of
25 the identified countries and in violation of the mutual obligations as specified by the terms of the
26 Code of Conduct, as well as by well-established international standards, including ILO
27 Conventions.
28

1 excess of the statutory requirements without proper compensation as required by applicable
2 law.”

3 105. The Code of Conduct section entitled “FORCED LABOR/PRISON LABOR”)
4 further states: “[f]orced or prison labor will not be tolerated by Wal-Mart. Suppliers shall
5 maintain employment on a voluntary basis. Wal-Mart will not accept products from suppliers
6 who utilize in any manner forced labor.”

7 106. Despite the foregoing provisions, Plaintiffs were routinely subjected to
8 compulsory overtime by the supplier factories, and were not given any choice as to whether they
9 freely wanted to work overtime. They believed that they could not leave and agreed to work
10 only under the threat of duress that their jobs and possibly lives would be placed in jeopardy. In
11 many instances, the doors to the supplier factories were kept locked ensuring that Plaintiffs, and
12 Proposed Class Members, could not leave the factory and refuse to work overtime hours.

13 107. The Code of Conduct was created specifically to promote adherence to worker
14 rights and basic human rights, as well as compliance with all applicable local laws. Plaintiffs
15 either saw posted in the supplier factory or were otherwise made aware of Wal-Mart’s Code of
16 Conduct and understood that the worker rights protections contained therein, specifically with
17 regards to hours of work and forced labor, were for their direct benefit.

18 108. Proposed Class Members, as a matter of economic reality, have been and are
19 dependent upon Wal-Mart for their livelihoods and supplier compliance with the Hours of Labor
20 and Forced Labor protections within Wal-Mart’s Code of Conduct. Through the Code of
21 Conduct, Wal-Mart has the economic power to control the working conditions within the
22 supplier factories and to prevent profiting from the inhumane treatment of the Proposed Class
23 Members.

24 109. In failing to leverage its economic power and operative control over supplier
25 factories to adequately monitor the working conditions in the supplier factories; take adequate
26 steps to ensure supplier compliance; and/or to terminate its business relationship with suppliers
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1 in non-compliance with its Code of Conduct, Wal-Mart breached its contractual obligations
2 under the supply contract to the direct detriment of Plaintiffs and similarly situated Proposed
3 Class Members with respect to Hours of Labor and Forced Labor within the supplier factories.

4 110. In the alternative, Wal-Mart is a joint employer with each of the suppliers
5 identified herein, and had a specific legal obligation to ensure that none of the workers
6 employed to produce Wal-Mart products were forced to work in violation of the Code of
7 Conduct, local laws and well-established international law standards, including ILO
8 Conventions.

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11 **THIRD CAUSE OF ACTION**
12 **BREACH OF CONTRACT FOR DENIAL OF FUNDAMENTAL**
13 **RIGHT TO FREELY ASSOCIATE**
14 **On Behalf of Indonesia, Swaziland and Nicaragua Plaintiffs**

15 111. The Indonesia, Swaziland and Nicaragua Plaintiffs incorporate by reference
16 paragraphs 1 - 110 of this Complaint as if set forth herein.

17 112. Wal-Mart's Code of Conduct includes a provision entitled "FREEDOM OF
18 ASSOCIATION AND COLLECTIVE BARGAINING," which requires that "Suppliers will
19 respect the rights of employees regarding their decision of whether to associate or not to
20 associate with any group . . ."

21 113. Wal-Mart has further asserted in public statements that it requires its suppliers to
22 adhere to Conventions of the ILO in defining the fundamental right to associate.

23 114. The Indonesia, Swaziland and Nicaragua Plaintiffs believed that the Code of
24 Conduct was created specifically to promote adherence to worker rights and basic human rights,
25 as well as compliance with all applicable local laws. These Plaintiffs either saw posted in the
26 supplier factory or were otherwise made aware of Wal-Mart's Code of Conduct and understood
27 that the worker rights protections contained therein, specifically with regards to discrimination
28 and human rights, were for their direct benefit.

115. Despite the foregoing provision under Wal-Mart's Code of Conduct, the

1 Swaziland and Nicaragua Plaintiffs were prevented from freely associating with workers within
2 their supplier factories to form a union and/or otherwise discriminated against because of their
3 union activities within the supplier factories.

4 116. The Indonesia, Swaziland and Nicaragua Plaintiffs, as a matter of economic
5 reality, have been and are dependent upon Wal-Mart for their livelihoods and supplier compliance
6 with the minimum and overtime wage protections within Wal-Mart's Code of Conduct. Through
7 the Code of Conduct, Wal-Mart has the economic power to control the working conditions within
8 the supplier factories and to prevent profiting from the inhumane treatment of the Proposed Class
9 Members.

10 117. In failing to leverage its economic power and operative control over supplier
11 factories to adequately monitor the working conditions in the supplier factories; take adequate
12 steps to ensure supplier compliance; and/or to terminate its business relationship with suppliers in
13 non-compliance with its Code of Conduct, Wal-Mart breached its contractual obligations under
14 the supply contract to the direct detriment of Plaintiffs and similarly situated Proposed Class
15 Members with respect to Discrimination and Human Rights within the supplier factories.

16 118. In the alternative, Wal-Mart is a joint employer with each of the suppliers
17 identified herein, and had a specific legal obligation to ensure that none of the workers employed
18 to produce Wal-Mart products were denied their fundamental right to associate in violation of the
19 Code of Conduct, local laws and well-established international law standards, including ILO
20 Conventions.
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23 **FOURTH CAUSE OF ACTION**
24 **NEGLIGENCE AND RECKLESSNESS**
25 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
26 **and Proposed Class Members**

27 119. Plaintiffs incorporate by reference paragraphs 1 - 118 of this Complaint as if set
28 forth herein.

1 120. Defendant Wal-Mart owed a duty to Plaintiffs to exercise due care in conducting
2 its international ventures with respect to those workers producing goods for Wal-Mart stores
3 because it knew or should have known that supplier factories within the identified countries,
4 which employed Plaintiffs and Members of the Class, were likely to engage in sub-standard labor
5 conditions in violation of Wal-Mart's Code of Conduct.

6 121. Wal-Mart through its supply agreement with supplier factories in the identified
7 countries had the authority to prohibit, control, and/or monitor the supplier factories which
8 employed Plaintiffs and Proposed Class Members so as to prevent and/or stop these acts and
9 omissions from occurring. This includes Wal-Mart's control over the operative details of
10 production by directly or indirectly: dictating quantity, turnaround times, design, cut, style, fabric
11 and other materials; requiring and ensuring that finished products were produced to exacting
12 standards through quality control and on-site factory inspections as products were being
13 assembled, and imposing non-negotiable prices on product production. Further, due to its
14 effective control over all aspects of the Plaintiffs' terms and conditions of employment, Wal-Mart
15 was in fact a joint employer with the suppliers identified herein, and therefore owed a duty to the
16 employees over which it had effective control. Specifically, Wal-Mart controlled the day-to-day
17 business operations of its suppliers by directing major business decisions, including, but not
18 limited to, authorizing, ratifying, and/or condoning the labor and employment practices of the
19 factories by virtue of Wal-Mart's ability to dictate the turnaround times and prices paid for the
20 suppliers' products.

22 122. Wal-Mart knew or reasonably should have known that unless it intervened to
23 protect Plaintiffs and to properly prohibit, control and/or monitor the conduct described herein,
24 the supplier factories would perceive their acts and omissions as being ratified and condoned.

25 123. Wal-Mart failed to exercise due care by failing to adequately monitor the supplier
26 factories in the identified countries, failing to take steps to ensure compliance with its Code of
27 Conduct, and/or engaging in business activities with suppliers which it knew or should have
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1 known were engaged in unfair labor practices prohibited by its Code of Conduct, local laws, and
2 well-established international standards, including Conventions of the ILO. These various laws
3 and regulations were intended to provide specific, enforceable rights for the workers in Wal-Mart
4 suppliers, including those identified herein. Further, Wal-Mart aided, abetted, encouraged,
5 condoned, authorized, confirmed, and/or ratified the wrongful conduct of its suppliers alleged
6 herein.

7 124. In addition to failure to adequately monitor supplier factories, Wal-Mart also
8 insisted on short delivery times and a below market purchase price for the items produced by the
9 supplier factories identified herein. Such factories were then unable to properly compensate and
10 provide legally-mandated benefits to Plaintiffs in the identified supplier factories or to the
11 proposed members of the Class.

12 125. As a direct and proximate result of Wal-Mart's acts and omissions, Plaintiffs and
13 Members of the Class have suffered injuries to their persons as described herein. Plaintiffs are
14 accordingly entitled to compensatory and punitive damages in amounts to be ascertained at trial.
15

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17 **FIFTH CAUSE OF ACTION**
18 **NEGLIGENCE PER SE**
19 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
20 **and Proposed Class Members**

21 126. Plaintiffs incorporate by reference paragraphs 1 - 125 of this Complaint as if set
22 forth herein.

23 127. Defendant Wal Mart failed to use ordinary or reasonable care in order to avoid
24 injury to Plaintiffs. Defendant's negligence was a cause of injury, damage, loss or harm to
25 Plaintiffs.

26 128. As a result of these acts, Plaintiffs suffered harm including, but not limited to, lost
27 wages, loss of fundamental rights, deterioration of physical health, pain and suffering, and severe
28 emotional distress. Defendant's conduct constitutes negligence per se and is actionable under the

1 laws of California because the conduct was in violation of the law of California, the laws of the
2 countries where the conduct occurred, well-established international standards, and Wal-Mart's
3 own Code of Conduct. Plaintiffs are entitled to compensatory and punitive damages in amounts to
4 be ascertained at trial.

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6 **SIXTH CAUSE OF ACTION**
7 **NEGLIGENT HIRING AND SUPERVISION**
8 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
9 **and Proposed Class Members**

10 129. Plaintiffs incorporate by reference paragraphs 1 - 128 of this Complaint as if fully
11 set forth herein.

12 130. As a regular part of its international supply chain, Wal-Mart selected, hired,
13 retained and contracted with suppliers, including those identified herein, to produce goods to be
14 sold exclusively in Wal-Mart stores in the US, including in California.

15 131. Defendant Wal-Mart failed to exercise reasonable care in selecting, hiring,
16 retaining and contracting with these suppliers. At the time that defendant selected, hired, retained
17 and contracted with the suppliers identified herein, and at all other relevant times, defendant knew
18 or reasonably should have known that these suppliers would violate Plaintiffs' rights and that, as a
19 direct and proximate result of those violations, the Plaintiffs would suffer injuries as alleged
20 herein.

21 132. Once the suppliers identified herein were retained by Defendant Wal-Mart, the
22 suppliers were acting as joint employers along with Wal-Mart of Plaintiffs herein, and Wal-Mart
23 exercised control over the operative details of the production process of the various suppliers
24 identified herein. This includes Wal-Mart's control over the operative details of production by
25 directly or indirectly: dictating quantity, turnaround times, design, cut, style, fabric and other
26 materials; requiring and ensuring that finished products were produced to exacting standards
27 through quality control and on-site factory inspections as products were being assembled, and
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1 imposing non-negotiable prices on the products.

2 133. Defendant Wal-Mart knew or reasonably should have known that its suppliers
3 would violate Plaintiffs' rights, and that, as a direct and proximate result of those violations, the
4 Plaintiffs would suffer injuries as alleged herein.

5 134. Regardless of whether it was a joint employer, Defendant Wal-Mart had the
6 authority to supervise, prohibit, control, and/or regulate its suppliers, including those identified
7 herein, so as to prevent these acts and omissions from occurring.

8 135. Defendant Wal-Mart knew or reasonably should have known unless they
9 intervened to protect Plaintiffs and properly supervise, prohibit, control and/or regulate the
10 conduct described herein, the suppliers producing for Wal-Mart would perceive their acts and
11 omissions as being ratified and condoned by Wal-Mart. This is reinforced by Wal-Mart's
12 pervasive failure to require any of the suppliers to comply with the Code of Conduct, local laws,
13 and well-established international standards, including ILO Conventions.

14 136. As a direct and proximate result of defendant Wal-Mart's negligent selection,
15 hiring, retention and contracting with the suppliers identified herein, as well as the subsequent
16 failure to supervise, Plaintiffs have suffered and continue to suffer injuries entitling them to
17 damages in amounts to be proven at trial.

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21 **SEVENTH CAUSE OF ACTION**
22 **UNJUST ENRICHMENT**
23 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
24 **And Proposed Class Members**

25 137. Plaintiffs incorporate by reference paragraphs 1 - 136 of this Complaint as if set
26 forth herein.

27 138. As a result of the labor provided by Plaintiffs and Proposed Class Members to
28 Wal-Mart in producing goods for Wal-Mart's stores, Defendant Wal-Mart received benefits
through services obtained from Plaintiffs under sub-standard working conditions based on fraud,

1 coercion or other unlawful practices. As previously alleged, Wal-Mart knew that it was receiving
2 profits from the sale of products produced under these unlawful conditions.

3 139. Wal-Mart, had the ability to leverage its economic power to adequately monitor its
4 supplier factories, ensure compliance with its Code of Conduct, and/or terminate its business
5 relationship with non-complying suppliers. In fact, Wal-Mart used its power and leverage to drive
6 prices down, knowing that this would necessarily result in Plaintiffs herein, and the Proposed
7 Class Members, receiving wages and benefits lower than required by law and being forced to
8 work overtime without compensation. Because Wal-Mart knowingly received a benefit from
9 Plaintiffs and the Proposed Class Members who were forced to work in sub-standard conditions
10 because of Wal-Mart's acts or omissions, Defendant Wal-Mart is under a duty of restitution to
11 Plaintiffs for the benefits received therefrom.
12

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14 **EIGHTH CAUSE OF ACTION**
15 **VIOLATION OF BUSINESS AND PROFESSIONS CODE § 17200**
16 **On Behalf of China, Bangladesh, Indonesia, Swaziland, and Nicaragua Plaintiffs**
17 **and Proposed Class Members**

18 140. Plaintiffs incorporate by reference paragraphs 1 - 139 of this Complaint as if
19 set forth herein.

20 141. Defendant Wal-Mart's fraudulent and deceptive practices as alleged herein
21 constitute ongoing and continuous unfair business practices within the meaning of Business and
22 Professions Code § 17200. Such practices include, but are not limited to, the knowing use of
23 suppliers who fail to adhere to minimum standards of labor and human rights as mandated
24 through Wal-Mart's Code of Conduct and the making of material misrepresentations and
25 omissions, particularly in the sale of goods. Wal-Mart has aggressively advertised that it has a
26 code of conduct, that it complies with labor laws, international standards and its Code of Conduct,
27 and that it generally treats its workers well.

28 142. These statements and assertions were made to the general public by Wal-Mart

1 officials and agents who knew that the statements and assertions were false. Such statements and
2 assertions nonetheless have induced consumers in California to believe that Wal-Mart's products
3 are made under lawful conditions and in compliance with Wal-Mart's Code of Conduct. This has
4 counteracted any consumer pressure on Wal-Mart to actually improve the conditions of its
5 supplier factories and actually require its suppliers to comply with the Code of Conduct. This has
6 worked to the detriment of these Plaintiffs as they continue to labor under unlawful conditions,
7 and Wal-Mart continues to profit directly from its unlawful practices at the expense of these
8 Plaintiffs.

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11 **NINTH CAUSE OF ACTION**
12 **VIOLATION OF BUSINESS AND PROFESSIONS CODE § 17200**
13 **On Behalf of California Plaintiffs**

14 143. Plaintiffs incorporate by reference paragraphs 1 - 142 of this Complaint as if
15 fully set forth herein.

16 144. The California Plaintiffs bring this cause of action on behalf of themselves and on
17 behalf of Proposed California Class Members pursuant to the Business and Professions Code §
18 17204. The conduct of Defendant Wal-Mart as alleged herein has been and continues to be
19 deleterious to Plaintiffs and the general public, and Plaintiffs are seeking to enforce important
20 rights affecting the public interest within the meaning of Code of Civil Procedure § 1021.5.

21 145. Defendant Wal-Mart's fraudulent and deceptive practices as alleged herein
22 constitute ongoing and continuous unfair business practices within the meaning of Business and
23 Professions Code § 17200. Such practices include, but are not limited to, the knowing use of
24 suppliers who fail to adhere to minimum standards of labor and human rights as mandated
25 through Wal-Mart's Code of Conduct and the making of material misrepresentations and
26 omissions, particularly in the sale of goods.

27 146. Wal-Mart has aggressively advertised that it has a code of conduct, that it complies
28 with labor laws, international standards and its Code of Conduct, and that it generally treats its

1 workers well. These statements and assertions were made to the general public by Wal-Mart
2 officials and agents who knew that the statements and assertions were false. Such statements and
3 assertions nonetheless induced consumers in California to purchase Wal-Mart products to the
4 detriment of Plaintiffs and the class members employed by competitors of Wal-Mart, who sell
5 products that are not made in gross violations of law.

6 147. As a result of the competitive advantage gained by Wal-Mart by failing to curtail
7 abusive worker rights practices, and the corresponding loss of sales by Plaintiffs' employers,
8 Plaintiffs were forced to take cuts in pay and make concessions in benefits and other terms and
9 conditions of employment.

10 148. The conduct as alleged herein creates an unfair business advantage over
11 competitors within California and the United States and constitute an unfair business practices in
12 violation of California Business & Professions Code §§ 17200 *et seq.*

13 149. Plaintiffs seek injunctive relief, disgorgement of all profits resulting from these
14 unfair business practices, restitution and other appropriate relief on behalf of themselves and
15 members of the general public as provided in Business and Professions Code § 17203.
16

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18 **TENTH CAUSE OF ACTION**
19 **UNJUST ENRICHMENT**
20 **On Behalf of California Plaintiffs**

21 150. Plaintiffs incorporate by reference paragraphs 1 - 149 of this Complaint as if
22 fully set forth herein.

23 151. The California Plaintiffs bring this cause of action on behalf of themselves and on
24 behalf of Proposed California Class Members pursuant to common law prohibition of unjust
25 enrichment. The conduct of Defendant Wal-Mart as alleged herein has been and continues to be
26 deleterious to Plaintiffs and the general public, and Plaintiffs are seeking to enforce important
27 rights affecting the public interest using the equitable doctrine of unjust enrichment.
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Respectfully submitted this ____ day of September, 2005 by:

ATTORNEYS FOR PLAINTIFFS

Terry Collingsworth,
INTERNATIONAL LABOR
RIGHTS FUND

Dan Stormer
HADSELL AND STORMER