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Xerox settles lawsuit over race discrimination for \$12M

By Stephen Singer, AP Business Writer

HARTFORD, Conn. — Xerox (XRX) and representatives of current and former black sales representatives have settled a class action lawsuit accusing the officer equipment manufacturer of race discrimination.

The settlement, which was announced Thursday, won preliminary approval from U.S. District Judge John Gleeson in Brooklyn, N.Y. It would require Xerox to pay \$12 million to 1,100 former and current employees and includes legal fees, said Diane Bradley, a lawyer who represented the employees.

The \$12 million was put aside in the second quarter of 2006, Xerox said.

The company also agreed to establish a task force of Xerox employees to ensure that black sales representatives are compensated in a non-discriminatory manner by assessing how sales territories are assigned and other issues.

Xerox denied it engaged in policies or practices of unlawful discrimination or retaliation or other unlawful conduct.

"However, Xerox believes it is in the best interest of its shareholders and employees to settle the lawsuit, bringing to an end the protracted and costly litigation," the company said in a statement.

Anne Mulcahy, Xerox's chief executive, said in an internal memo obtained by The Associated Press that she was pained to settle the lawsuit and that Xerox's record on diversity "is a source of corporate pride and competitive advantage."

A spokesman said Xerox would not discuss the matter further.

Bradley said a confidentiality agreement bars discussion of the preliminary settlement.

The lawsuit, filed in 2001 in federal court in Brooklyn, was brought on behalf of black sales representatives from New York, California, Georgia and Texas. Gleeson approved class action status in March 2004.

The workers said they were assigned to less profitable territories than white co-workers or were assigned to territories based on their race. They also contend they were passed over for more lucrative territories, promotions, and were denied commissions they had earned.

The lawsuit cited Frank Warren, a plaintiff in the suit, who was assigned a territory in the New York borough of the Bronx that required a car. When he notified Xerox that the territory would be a hardship because he did not have a car, he allegedly was told by a vice president-general manager that he was assigned to the Bronx because "blacks and the Bronx go hand in hand."

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