

***A Study in Corporate Irresponsibility:
McDonald's Corporation's Operations at LAX***

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***A report submitted to the Board of Airport Commissioners
Of Los Angeles World Airport
LA Alliance for a New Economy
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Study in Corporate Irresponsibility: McDonald's Corporation's Operations at LAX

Executive Summary

McDonald's at Los Angeles International Airport (LAX) has repeatedly violated both the letter and the spirit of its concession agreement with Los Angeles World Airports (LAWA), an extensive review of public documents and interviews with McDonald's employees has found. In the most egregious cases, McDonald's Corporation has attempted to avoid paying \$843,742 in profit-sharing fees that a LAWA audit determined were owed to the Airport, and changed ownership of two of its restaurants without seeking the required approval by the Board of Airport Commissioners. McDonald's conduct at LAX has deprived LAWA of revenues. In addition, health and safety violations may have put LAX customers at risk, while McDonald's employees complain of harassment and dangerous conditions in the workplace.

McDonald's track record at LAX appears to be part of a larger pattern of corporate irresponsibility worldwide. In country after country, McDonald's seems to have put customers' health and safety at risk and flouted laws intended to protect the health and safety of restaurant patrons and workers.

Based on a review of public records, newspaper articles, interviews, and corporate documents, this report evaluates McDonald's corporate practices at LAX and worldwide. The evidence demonstrates that McDonald's is not acting responsibly in its dealings with LAWA, providing quality service to consumers or a safe and secure workplace for its employees.

McDonald's Poor Track Record at LAX

McDonald's Corporation has established a pattern of ignoring instructions and communications from Los Angeles World Airports (LAWA) management, in some cases impacting revenues the LAWA receives from its concession to McDonald's. McDonald's LAX restaurants have been cited repeatedly by county officials for health and safety violations. Furthermore, McDonald's restaurant employees describe a hostile and unsafe work environment.

- Since May 2000, LAWA has attempted to collect from McDonald's Corporation \$843,742 of concession fees that an audit determined were owed for the year 1997. For fifteen months, McDonald's ignored requests to take the actions necessary to resolve the issue.
- McDonald's Corporation transferred ownership of two of its four LAX McDonald's in early August 2001, against the express instructions of LAWA officials to halt the process until a legal review had been conducted.
- McDonald's stalled for six months before finally complying with LAWA's instructions to all concessionaires to install utility sub-meters.
- Inspections of McDonald's four LAX Restaurants by County Department of Health Services reveal numerous violations of health and safety codes, including several instances of food

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condemned, a waste water flood, repeated cases of potential contamination of food, and disrepair of facilities.

- Employees of LAX McDonald's have filed claims with state and federal agencies reporting dangerous working conditions and violations of labor law. Several employees are also preparing to file claims alleging sexual harassment by a McDonald's manager.

McDonald's Poor Track Record Worldwide

McDonald's performance at its LAX restaurants reflects a pattern of corporate behavior that crosses continents. Across this country and others, McDonald's customers have found themselves sickened or endangered by contaminated food. McDonald's consumers have been sickened with e. coli, and have bitten into hypodermic needles and maggots cooked into their food. Dangerous food is only part of the problem. An independent survey, confirmed by internal company documents, revealed that dissatisfaction with food quality and service is high among McDonald's customers and causes the company to lose millions of dollars a year. Moreover, McDonald's has an abysmal track record on worker safety and labor relations. McDonald's employees who attempt to remedy problems at their workplaces have repeatedly found themselves ignored, harassed, punished--and often jobless.

Introduction

The Los Angeles Department of World Airports (LAWA) Concession Plan calls for maximizing revenues to LAWA, enhancing the airport's public image by considering quality in its choice of concessions, and meeting the needs and desires of travelers. As a public agency, LAWA also has a special responsibility to provide a safe and decent work environment for airport employees and to ensure compliance with local laws, including the Los Angeles Living Wage Ordinance, the Worker Retention Ordinance, and the Contractor Responsibility Ordinance adopted by City Council. McDonald's Corporation has failed in important ways to help LAWA achieve its goals.

Over the past several months, the Los Angeles Alliance for a New Economy, a non-profit organization concerned with improving the lives of working families in L.A., conducted an in depth study of the operations of four McDonald's franchise restaurants at the L.A. International Airport. This study included an extensive review of public documents available through the Los Angeles (L.A.) World Airports (LAWA) and the L.A. County Department of Health, a review of dozens of formal written complaints filed (or soon to be filed) by LAX McDonald's employees to local and state public agencies and the Federal Equal Employment Opportunities Commission and extensive interviews with dozens of LAX McDonald's employees. All of the information and allegations contained in this document are based on publicly available information and employee interviews, as cited in the accompanying footnotes.

This information reveals that McDonald's Corporation and the company's LAX restaurant operators have likely engaged in objectionable practices that have apparently advanced McDonald's own interests to the detriment of LAWA. Furthermore, the evidence presented here demonstrates that McDonald's does not appear to be providing quality service to consumers or a safe and secure workplace for its employees.

McDonald's track record at LAX is part of a larger apparent pattern of corporate irresponsibility worldwide. In country after country, McDonald's seems to have put customers' health and safety at risk and flouted laws intended to protect the health and safety of restaurant patrons and workers alike.

In Part I of this report, McDonald's activities at LAX are detailed. Part II provides an overview of McDonald's track record worldwide.

McDonald's Poor Track Record at LAX

McDonald's Corporation appears to have established a pattern of ignoring instructions and communications from LAWA management. McDonald's actions, in each of these cases, appears to have had a real or potential impact on the revenues LAWA receives from its concession to McDonald's. In addition, a review of health and safety records reveal numerous violations of

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health and safety codes, while McDonald's employees report dangerous working conditions, violations of labor law, and instances of sexual harassment.

McDonald's Flouts Concession Agreement at LAX

McDonald's Corporation appears to have established a pattern of ignoring instructions and communications from LAWA management. McDonald's actions, in each of these cases, has likely had a real or potential impact on the revenues LAWA receives from its concession to McDonald's.

In the most significant case, LAWA attempted for more than a year to collect over \$800,000 owed in concession fees. According to LAWA records, only after a threat of legal action did McDonald's begin to participate in a meaningful way in negotiations over the disputed fees. McDonald's appears to have also failed in several instances to submit financial and other documents in a timely manner.

In another serious case, involving the transfer of ownership of two of its four LAX restaurants, McDonald's Corporation circumvented the contractual process and express instructions of LAWA management. McDonald's method of accomplishing its private interest deprived the Board of Airport Commissioners of its mandated authority, the public of its right for information, and McDonald's workers of their rights under the Living Wage and Worker Retention Ordinances.¹

MCDONALD'S WITHHOLDS \$843,742 IN CONCESSION FEES IN APPARENT VIOLATION OF AGREEMENT

Since May 2000, LAWA has attempted to collect from McDonald's Corporation \$843,742.06 of concession fees that an audit determined were owed for the year 1997. For fifteen months, McDonald's appears to have ignored requests to take the actions necessary to resolve the issue. Meanwhile, financial statements for 1999 and 2000, necessary to conduct audits for those years, were received up to a year overdue, and only after McDonald's had been warned that their failure to do so was a breach of their Concession Agreement.

Chronology of Events

May 15, 2000: Karen Sisson, Chief Financial Officer of LAWA, sends to McDonald's a letter summarizing the findings of an audit of 1997 operations concluding that McDonald's Corporation owed additional concession fees from profit-sharing of \$843,742.06.

May 22, 2000: Thomas Nolan, Director of Airport Development for McDonald's Corporation, writes LAWA asking for a few days to review the matter before responding. Fifteen months later, McDonald's had still not sent any written communications on the issue to LAWA, including a formal written opposition to the audit findings promised in meetings by McDonald's Corporation regional officers.

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July 17, 2001: Sisson notifies Nolan that LAWA has issued repeated requests for overdue financial reports and has still not received them. The missing reports include the profit sharing statement for the year 2000, certified financial statements for all restaurants for 2000, and certified financial statements for two restaurants for 1999. She informs Nolan that McDonald's was in breach of various sections of the Concession Agreement, and that the City "will exercise its rights" if McDonald's did not submit the reports within 10 days.

July 24, 2001: McDonald's sends audited financial statements for two of its restaurants for 2000. They promise to send the 1999 records and the remainder of those for 2000 within the next couple days. They do not do so.

August 24, 2001: Having not received from McDonald's any written communication regarding the owed concession fees for more than 15 months, Richard Janisse, a Deputy Executive Director of LAWA, writes to McDonald's. Janisse informs Nolan, of McDonald's, that City Attorney staff have reviewed the issue and determined that McDonald's continued failure to pay the fees "may constitute a breach of contract under section 11.1.1 of the Concession Agreement," and to "avoid legal action, this matter must be brought to a close as soon as possible." A meeting between the two is scheduled for August 28.

September 19, 2001: McDonald's forwards the profit sharing statement for 2000 and the remaining audited financial statements for 2000.

Oct. 2, 2001: LAWA official writes to confirm a conversation with Nolan that McDonald's will submit its response to the audit findings by October 5, 2001.

Current Status: LAWA and McDonald's are currently in negotiations over the fees.

MCDONALD'S CHANGES FRANCHISE-OWNER WITHOUT BOARD APPROVAL AND AGAINST LAWA'S EXPLICIT INSTRUCTIONS

McDonald's Corporation transferred ownership of two of its four LAX McDonald's in early August 2001, against the express instructions of LAWA officials to halt the process until a legal review had been conducted. This appears to be a violation of their Concession Agreement, which requires prior consent of the Board of Airport Commissioners for such an action. It is likely that the Board review of the transfer would have brought attention to such issues as the applicability of the Worker Retention Ordinance and the qualifications of the new owner. Instead, the new owner has operated for nine months without any review by the Board.

Chronology of events:

July 5, 2001: McDonald's sends request to LAWA management to transfer operations of restaurants in Terminals 1 & 7 from Bea Patrick to Bob Johnson. McDonald's asks LAWA to make their decision within two weeks.

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July 18, 2001: LAWA management informs McDonald's regional Director of Operations to take no further action on transferring ownership "until you hear from us as to the legal disposition of your request."

August 8, 2001: LAWA officials learn that Johnson has already taken over operations in the two restaurants "despite our specific instructions."

August 14, 2001: LAWA official writes to McDonald's regional Director of Operations regarding the issue. He informs McDonald's that the Board of Airport Commissioners will need to review and approve the transfer pursuant to Section 14.1 of their Concession Agreement, and that the City Attorney's office is conducting a review of the matter.

August 24, 2001: Richard Janisse, of LAWA, writes to Nolan, of McDonald's Corporation, enumerating the transfer of ownership as one of the problems requiring immediate attention. Janisse writes: "Although we are allowing Mr. Johnson to operate for the time being, the Board of Airport Commissioners will need to review and approve this transfer, pursuant to Section 14.1 of the Concession Agreement." He furthermore makes it clear that the Board would at the same time be inquiring about compliance with other issues outstanding between McDonald's and LAX.

Current Status: Bob Johnson continues to operate the McDonald's restaurants in Terminals 1 and 7 to the present day. The matter has not yet come before the Board of Airport Commissioners.

MCDONALD'S STALLS ON COMPLIANCE WITH UTILITY METERING AGREEMENT

In a third instance of McDonald's apparent disregard for its agreements with LAWA, McDonald's ignored several notices before finally complying with LAWA's instructions to all concessionaires to install utility sub-meters. McDonald's Agreement with the City required it to install sub-meters for gas, water, and electricity. Similar to the case with the delayed financial documents, every day that McDonald's delayed responding to LAWA amounted to a potential loss of revenue.

July 11, 2001: LAWA requests that McDonald's send information by July 25 regarding its installation of utility sub-meters, as required in its Concession Agreement. Sub-meters allow for each concessionaire to be billed for the utilities it uses.

August 15, 2001: LAWA again asks for the information on sub-utility meters, reiterating that they have not yet received a response to their first letter and that it is very important for McDonald's to respond by August 22.

January 10, 2002: LAWA writes again and says that if the sub-meters are not installed by March 11, McDonald's will be billed for the cost of installation, administration fees, and overhead.

January 28, 2002: McDonald's responds with a detailed explanation of the status of each of the four required sub-meters, one of which had already been installed.

Current Status: All sub-meters have been installed or permitted.

Workers and Consumers Endangered by Conditions at McDonald's LAX Restaurants

Inspections of McDonald's four LAX Restaurants reveal numerous violations of health and safety codes, with frequent recurrences of the same violation. Employees of McDonald's at LAX have filed claims with the California Occupational Safety and Health Administration (CalOSHA) and the Department of Industrial Relations reporting dangerous working conditions and violations of labor laws. McDonald's employees also describe a hostile and dangerous work environment.

VIOLATIONS AT LAX'S MCDONALD'S RESTAURANTS CITED BY LOS ANGELES COUNTY DEPARTMENT OF HEALTH SERVICES INSPECTORS

McDonald's Terminal 1, Violations, July-September, 2001.

- Flood of waste water closes restaurant.
- Janitorial supplies were stored inside a walk-in food cooler.
- Kitchen utensils were stored on the floor.²
- Food was condemned.
- A cooler was malfunctional.
- Food items and containers were stored on the floor.
- Ready-to-eat food was potentially exposed to contamination by raw eggs.³

McDonald's Terminal 7, Violations, August, 2001- January, 2002

- A manager was observed brewing coffee on the floor, instead of on a proper food preparation surface.
- Flies were seen in food preparation areas.
- Ready-to-eat food was potentially exposed to contamination by raw eggs.
- Leaking drain lines were found.
- Damaged floors and walls were noted throughout the facility.
- Open chemical containers, stored above or near food items, were observed at every inspection.
- Brooms and other janitorial equipment stored in food areas were observed at every inspection.⁴

McDonald's Terminal 5, Violations, August-November, 2001

- Thirty-one pounds of ham, Canadian bacon, and liquid egg, held in a malfunctioning cooler at temperatures up to twenty degrees above safe levels, were condemned.
- Damaged ceiling panels and holes in walls were noted throughout.
- A cooler was malfunctional.
- Chemicals were stored near food items.

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- Soiled wiping towels were stored on top of food preparation surfaces.
- Three months later, the restaurant’s “failure to correct the public health code violations” of the previous visit by the date of re-inspection resulted in an additional charge for inspection fees.⁵

McDonald’s, Tom Bradley International Terminal, September, 2000- August, 2001.

- Food has been condemned in two of the three inspections that have taken place since September 2000.
- A thermometer in a cooler was defective in September, 2000.
- A cooler was malfunctional in August 2001.⁶

MCDONALD’S WORKERS AT LAX REPORT SEXUAL HARASSMENT, DANGEROUS WORKING CONDITIONS, AND WAGE AND HOUR VIOLATIONS

McDonald’s LAX employees pursue state and federal claims for sexual harassment by managers.

- Three young women working at McDonald’s in Tom Bradley International Terminal report being subjected to sexual advances, crude and offensive remarks, and recrimination by a manager, plan to file claims with state and federal agencies against McDonald’s. Of the three women alleging harassment, one felt so threatened that, after she reported the harassment to management, she quit her job.
- Other workers in the restaurant have reported that the same manager has harassed and intimidated them, especially ones he considers to be homosexual. The manager has been overheard bragging to workers about who his next victim will be.
- Upper management was informed and did nothing at first. After one of the worker’s mother called a high-level manager and the owner about the harassment, the manager was transferred out of the terminal to another LAX location. The transfer was only temporary. He has recently returned to the restaurant

McDonald’s Workers File Claims of State Labor Law Violations

- One employee worked overtime several days in a row. Management told her to take an extra day off so they would not have to pay overtime. This is in violation of a new state law returning the definition of “overtime” to any hours worked more than 8 in a day. Employees are pressured to work overtime out of fear that their hours will be reduced if they refuse.
- If workers are even a minute late back from a break, they are charged for their entire break. Thus a worker who punches out at 10:00 and back in at 10:11 (instead of 10:10) will have 11 minutes deducted from his or her paycheck. They are in effect paying management for their break time. This appears to be a violation of state wage and hour laws.

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- Workers are often required to take their last break at the end of their shift. The manager requires the worker to sign that the manager can “fix” the time they took their break in the computer. This also appears to be a violation of state wage and hour laws.

McDonald’s Workers File Claims of Health and Safety Violations with CalOSHA

- Workers claim that management provides no floor mats for the counter area. Three employees have slipped and fallen in the area, where there is usually food and water on the floor. Approximately 100 workers are exposed to this danger daily.
- Workers also state that management does not provide back support belts. This poses a danger to 4 “runners,” whose job it is to carry loads of 35 pounds or more between terminals. In addition, all workers are required to carry boxes within the restaurant weighing up to 30 pounds. One woman was injured in this way, lost two weeks of unpaid work, and had to pay the doctor herself.
- Employees allege that they are not formally trained in food safety procedures. The company provides brochures on food preparation in English, however, the majority of the staff are Spanish speakers.
- According to numerous workers, the company does not have first aid kits at the restaurant site for workers. Several workers have burned or cut themselves and there have been no ointments or band aids for them to treat their wounds. They have had to resort to home remedies using restaurant supplies, such as putting mustard on burns or coffee grounds on cuts.

Workers denied workers’ compensation and threatened with dismissal after injuries and illness

- Employees claim that they are not given any information about workers’ compensation in their orientations. When they have been injured at work, they have not been given claims forms by the employer, as required by law. Furthermore, employees state that information about workers’ compensation is posted only in English, even though the majority of workers are Spanish-speaking. The effect of this policy is to prevent employees from exercising their rights under worker compensation laws.
- Workers injured on the job at McDonald’s LAX state that they were forced to return to work against doctors’ advice. One worker burned her hand on the job. Her manager threatened to fire her if she did not come to work. Another worker burned her arm, was sent to the doctor, and missed three days of work because of the injury. She states that she was not paid for the days missed. When she returned to work, still bandaged, a manager told her to remove the bandage because it would disgust the customers. Only after arguing that it would also disgust customers to see her burnt flesh and that the wound needed protection was she allowed to keep the bandage on.
- Workers who were sick or had family emergencies were told they would be fired if they didn’t come to work. A worker who had stomach flu called in to report his illness and was told if he did not come to work he would be fired. He came to work sick, in pain, and contagious. One worker who had been in an accident, and whose son remained in the hospital, was threatened with dismissal because her doctor’s note covered only her son.

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Each of these instances potentially violates both state and federal family and medical leave laws, which provide for time off and job protection for illness of an employee or a family member.

McDonald's Corporation's Poor Track Record World Wide

According to a review of newspaper reports from around the world, McDonald's performance at LAX mirrors a track record worldwide of poor customer service, health and safety violations, and disregard for laws that protect consumers and workers.

McDonald's Customers Sickened by Bad Food and Angered by Poor Service

From Los Angeles to New York, from Italy to Chile, McDonald's customers have found themselves sickened or endangered by contaminated food. While food-poisoning and the like are not unique to McDonald's restaurants, McDonald's has extended great efforts to spin or suppress news that its restaurants have put consumers' health and safety at risk. Moreover, an independent survey, confirmed by internal company documents, revealed that dissatisfaction is high among McDonald's customers and causes the company to lose millions of dollars a year.

- ***McDonald's one of the poorest performing retailers in terms of customer satisfaction, U.S., 2001-2002.*** An independent study conducted by the University of Michigan found high customer dissatisfaction among McDonald's clientele. McDonald's disputed these conclusions until Dow Jones News Service uncovered internal McDonald's documents confirming that the company itself was concerned about lost revenue resulting from customer dissatisfaction. *Business Week* attributed McDonald's decline in earnings for 4 straight quarters through early 2002, in part, to American customers' dissatisfaction with poor service and food.⁷
- ***McDonald's and E. Coli, U.S. and other countries, 1982-2001.*** In the first ever recorded outbreak of e.coli poisoning, 26 customers of a McDonald's show extreme illness in 1982. An outbreak a few months later among McDonald's customers in Michigan led the Center for Disease Control to conclude the poisoning was meat-borne. Although McDonald's has reformed its meat-handling practices in the U.S., consumers in other countries continue to be exposed to contaminated meat. In August 2001, e. coli tainted chicken and beef was found in four Buenos Aires restaurants and the restaurants were closed by the government. McDonald's said the government decision to shut the restaurants was an "error." In October, 2001, e. coli was found in McDonald's burgers in Santiago, Chile.⁸
- ***Hypodermic needle cooked into McNugget and Big Mac, New York, 1999, 2001.*** A Niagara Falls McDonald's served a chicken McNugget with a hypodermic needle cooked inside to a customer. The woman, who was pregnant, had the tip of the needle removed from her jaw at the local hospital. A similar incident had occurred in this McDonald's in November 1999, when another patron had required surgery to remove a needle cooked into his Big Mac.⁹

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- ***Maggots in cheeseburger, Michigan, 2001.*** An 11-year-old boy filed a lawsuit against McDonald's after he allegedly ate a cheeseburger infested with maggots.¹⁰
- ***Mad cow disease found in McDonald's supplier, Italy, January 2001.*** Mad cow disease was diagnosed among the herd at an Italian company that supplied beef to McDonald's in Europe.¹¹
- ***McDonald's sues woman who reported food poisoning for \$1.25 Million, Chile, March, 2002.*** When Carmen Calderon returned to the McDonald's in Santiago, Chile, where her son had eaten a hamburger and come down with food poisoning, she was rudely turned away by an employee. She then went to the municipal public health agency to lodge a complaint. Officials went to inspect the restaurant, which in turn generated negative publicity for McDonald's. McDonald's reacted by suing Calderon for \$1.25 million for slander. A spokesman from McDonald's corporation's Latin American headquarters said Calderon "does not have a case" and that McDonald's will withdraw the suit only if she will sign a letter stating that her son's illness was not caused by McDonald's food. Two months earlier, the same McDonald's where the child had eaten had been fined after a government inspection found above-normal levels of bacteria. McDonald's is seeking to have the ruling overturned and the fine returned.¹²

McDonald's Violates Health and Safety Laws, Labor Laws, and Industry Codes Worldwide

The experience of workers at the four LAX restaurants reflects a pattern familiar in McDonald's restaurants worldwide. McDonald's states in a recent corporate publication that, "Around the world our behaviors toward our people show McDonald's desire and efforts to act in a way that supports what we state."¹³ From the public record emerges a very different picture: one of workplaces in which worker safety, health, dignity, and security appear to be a low priority. McDonald's employees who attempt to remedy problems at their workplaces have repeatedly found themselves ignored, harassed, punished--and often jobless.

McDonald's Employees Die on the Job.

- ***Worker dies while delivering carbon dioxide to a McDonald's. Ohio, 1996. McDonald's cited by OSHA.*** An employee who was delivering carbon dioxide by hose to a Xenia, Ohio restaurant for use in carbonated beverages was found dead at the bottom of a stairwell. According to the citation by the federal Occupational Safety and Health Administration, employees at the McDonald's "were exposed to the hazards of acute intoxication and asphyxiation due to leaking hose connections of the carbon dioxide fill system." OSHA fined McDonald's \$4,500 for failing to place hazardous material warnings on the CO2 containers and failing to train employees about those hazards.¹⁴
- ***Three McDonald's employees fatally electrocuted. New York, U.K., Australia, 1992-1996. McDonald's cited by governmental health and safety agencies.*** A 19-year-old student was

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electrocuted to death in 1996 while attempting to clean behind a grill at a McDonald's restaurant in Australia. McDonald's pled guilty to failing to provide a safe workplace and was fined by the regional Industrial Relations Commission. Two similar incidents of fatal electrocution have occurred: one in 1994, in a Westbury, New York, restaurant, and another in 1992, in the U.K.. In the latter case, a U.K. Health and Safety Executive report concluded: "The application of McDonald's hustle policy (i.e., getting staff to work at speed) in many restaurants was, in fact, putting the service of the customer before the safety of employees."¹⁵

McDonald's Charged with Employment Discrimination

- ***Jury awards \$5 million to McDonald's manager in HIV discrimination suit against McDonald's Corporation. Ohio, 1997.*** A 20-year veteran of McDonald's franchise-owned restaurants was hired as a manager by McDonald's Corporation in 1997. Under pressure, he disclosed his diagnosis of HIV infection. Thereafter, he was prevented by his supervisors from performing his management responsibilities. He was later transferred to another restaurant, where he continued to receive his manager's salary, but was told his duties would be limited "for the rest of his career" to selling hamburgers over the front counter. A Cleveland, Ohio, jury found unanimously that the man had been discriminated against by McDonald's Corporation.¹⁶
- ***EEOC sexual harassment suit against one of the largest McDonald's owner-operators in New England settled. New Hampshire, 2000.*** Three female McDonald's employees, one of whom was 16 and two of whom were in their thirties, filed suit in 1998 with the New Hampshire Human Rights Commission, charging former managers and co-workers with creating a sexually hostile work environment by physically touching them and directing sexually explicit comments, gestures, and jokes at them. In 1999, the U.S. Equal Employment Opportunity Commission (EEOC) took on the case and filed suit in U.S. District Court. The EEOC attorney on the case commented, "We decide to take cases and litigate in the public interest when we feel there has been severe and repeated violations of the law." The restaurant, agreed to pay \$550,000 to the employees, implement policies to address discrimination at the restaurant, and to accept monitoring by the EEOC.¹⁷
- ***EEOC rules against McDonald's manager for racial discrimination. Utah, 2000.*** A McDonald's manager in Salt Lake City fired three black teenagers after one of them was accused of giving free food to his friends. When he could not determine which black teenager was giving away free food, he simply fired all of them. The EEOC ruled that he violated federal anti-discrimination laws.¹⁸

McDonald's Fails to Address Employees' Security Concerns .

- ***McDonald's fires employee beaten on the job after she expresses concern about lack of security for employees in the workplace. California, 1990.*** After three employees of a Downey, California, McDonald's were beaten by teenage customers, one of the employees

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told her store manager that she was afraid to work at the restaurant because of its failure to provide adequate security for employees. The manager fired her and informed her she was ineligible for rehire at any of the McDonald's restaurants nationwide. She filed a lawsuit in the Superior Court of California against McDonald's Corporation for violating the Labor Code of the State of California, which prohibits discrimination against employees who make oral or written complaints about workplace safety to either their employer or a governmental agency, and forbids the termination or layoff of an employee who refuses to work in conditions which violate the provisions of CalOSHA.¹⁹

- ***McDonald's refuses to pay for anti-HIV treatment for an employee gang raped on her way home from working the late shift, Africa, 2001***. Employees are regularly ambushed by criminals after working the night shift in a McDonald's restaurant in South Africa, but McDonald's refuses to provide transport for workers. Applicable labor law, according to the local Department of Labor director, clearly states that employers must provide transport for workers if their safety is threatened. When a 29-year-old waitress was gang-raped after working the night shift at the restaurant, McDonald's refused to pay for the drug treatment that would prevent her from developing AIDS, never provided the trauma counseling it promised, and did not offer to shift her to the day shift. McDonald's South Africa human resources director expressed concern at the trauma the waitress suffered, but defended the decision not to pay for the drug treatment, with the comment, "we can't just give money to everyone who asks for it."²⁰

McDonald's Thwarts its Employees Efforts to Improve Working Conditions

- ***McDonald's restaurants close and vacate premises after unions legally certified, Canada, 1998, 2001***. On the eve of a big holiday celebration in the summer of 2001, the owner of a McDonald's located in one of the busiest shopping districts in Montreal announced to his recently unionized employees that the store would close that evening and that they would have no job as of the next day. By the next morning, the golden arches and other McDonald's signage had already been removed. The restaurant had been in that location for 25 years. A similar case occurred at a McDonald's in St. Hubert, Quebec, in 1998. In both incidents, the closings came a couple weeks before final rulings certifying unions in the restaurants.²¹
- ***McDonald's workers fired for organizing protest against verbally abusive supervisors and unfair work rules. Ohio, 1998***. About 20 employees went on strike because supervisors swore and yelled at them and new employees were receiving higher pay than veterans. The case caught the attention of a local union official, who then helped two of the teenage leaders of the protest to organize a union at the McDonald's. Enough employees signed cards to begin the certification process, but the two leaders were fired. The National Labor Relations Board scheduled a hearing on the case after determining that there was merit in the workers' charge that they had been fired for union activity, which is a violation of federal law. McDonald's and the teenagers settled the case before the hearing. A condition of the settlement was that they stay away from all of the restaurants owned by the franchisee.²²

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- ***McDonald's manipulates local labor law in order to decertify union. Canada, 1998-1999.*** After a protracted struggle, employees in a British Columbia McDonald's won certification of a union affiliated with the Canadian Auto Workers. The owner of the restaurant delayed and dragged out negotiations with the legally recognized union. Under provincial labor law, an employer can ask for a new certification vote if there is no progress made in contract negotiations after 10 months. The owner called for a new vote and the union was decertified.²³
- ***National Labor Relations Board finds McDonald's guilty of unfair labor practices, Detroit, 1980.*** McDonald's illegally suspended workers for union activity and threatened to deny promotions if workers supported the union during a campaign to organize McDonald's workers in several Detroit restaurants.²⁴

McDonald's Violates Child Labor Laws

- ***McDonald's Franchisee in Britain fined in illegal employment of schoolchildren. U.K., 2001.*** A child employment investigation at two McDonald's restaurants in a wealthy area of Britain identified 51 breaches of the governmental regulations involving the employment of schoolchildren. The county child employment officer said, "This was one of the biggest ever prosecutions in the illegal employment of schoolchildren."²⁵
- ***McDonald's U.K. Convicted of 73 offenses related to youth employment. U.K., 1980s.*** This information was revealed by McDonald's officials during the British "McLibel" trial, in which McDonald's had sued two Greenpeace activists for libel.²⁶
- ***McDonald's Happy Meal Toy Producers Allegedly Employ Child Labor. China, 2000.*** Although McDonald's is best-known for its restaurants, it is also one of the largest contractors for toys in the world. In 2000, the South China Morning Post and the Hong Kong Christian Industrial Committee reported the use of child labor and other major labor law violations in factories producing McDonald's toys. The case generated international attention and pressure. McDonald's denied the charges of child labor, yet admitted that other violations had occurred. McDonald's subsequently terminated its contract with its suppliers, throwing thousands out of work, and refused to compensate workers for wage violations. The Christian Industrial Committee performed investigations again in the fall of 2001. Their report documented that workers making toys for McDonald's continued to labor long hours, for sub-minimum wages, in unsafe workplaces. The conditions they reported violate Chinese Labor Law, as well as the International Council of the Toy Industry Code of Business Practice. McDonald's own company code of conduct is poorly observed, according to those conducting the investigation.²⁷

Conclusions

Our analysis of McDonald's Corp.'s operations at LAX reveals that the company has not proved itself to be a responsible lessee. McDonald's restaurant operators at LAX have repeatedly refused to adhere to its contractual agreement with LAWA. In the most egregious case, McDonald's

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ignored LAWA's attempts to collect over \$800,000 in concession fees owed by the company. In addition, a review of health and safety records reveal numerous violations of health and safety codes, while McDonald's employees report dangerous working conditions, violations of labor law, and instances of sexual harassment.

McDonald's conduct at LAX is part of a familiar story in the record of its national and global corporate operations. In pursuit of its own advantage, McDonald's seems to have been willing to thwart local law, flout local authorities, disregard the safety and health of consumers and employees, and intimidate consumers and workers. This report has documented numerous cases of consumer injury and illness, deaths of workers on the job, employment discrimination, and mistreatment of workers.

Notes

- ¹ The following three sections are based on the McDonald's files held by LAWA .
- ² Food Official Inspection Records, McDonald's, 100 World Way, County Dept. of Health Services Environmental Health ("DHSEH"), reports of 7/3/01-8/8/01.
- ³ Ibid., report of 9/6-10/18/01.
- ⁴ Food Official Inspection Records, McDonald's, 700 Worldway, DHSEH, Reports of 1/14/02, 12/17-12/31/01, 8/21-10/16/01.
- ⁵ Food Official Inspection Records McDonald's, 550 World Way, DHSEH, Report of 8/13/-11/8/01; "Reinspection Fee Notification for Food Establishments," referral date 12/5/01.
- ⁶ Food Official Inspection Records, McDonald's, 380 World Way, DHSEH, Reports of 8/07-8/23/01, 1/10-8/-7/01, 9/12-10/17/00.
- ⁷ "McDonald's Finds Angry Customers on its Menu," *Wall Street Journal*, Jul. 16, 2001; "A Rude Awakening: Customer Service Stinks, McDonald's Memos Show," *Dow Jones News Service*, Jul. 11, 2001; "A Fast Break From McDonald's," *Business Week*, Jan. 31, 2002.
- ⁸ "The Bug That Ate The Burger: E. Coli's Twisted Tale of Science in the Courtroom and Politics in the Lab," *Los Angeles Times*, June 6, 2001; "Argentine Call for \$500,000 E. Coli Fine on McDonald's," *Observer*, Oct. 14, 2001; "Around the World," *Seattle Times*, Oct. 12, 2001.
- ⁹ "McDonald's Faces Another Suit Citing Needle," *Buffalo News*, Sept. 30, 2001.
- ¹⁰ "Maggots in Cheeseburger, Claims 11-Year-Old American Boy," *Reuters News Service*, Jul. 4, 2001.
- ¹¹ "McDonald's Reassures Italians About Beef," *Wall Street Journal*, Jan. 16, 2001.
- ¹² "For Burgers in Chile, Hold the Criticism," *New York Times*, Mar. 31, 2002.
- ¹³ "McDonald's Social Responsibility Report," McDonald's Corporation, April 15, 2002, 30.
- ¹⁴ "McDonald's Appeals Citation," *Dayton Daily News*, Apr. 17, 1996.
- ¹⁵ "McDonald's Fatality Fine," *Daily Telegraph* (Australia), Feb. 5, 2000; "McDonald's Worker Killed," *Newsday*, Nassau Edition, Sep. 18, 1994; Konrad Yakabuski, "Arch Enemy," *Report on Business Magazine, Toronto Globe and Mail (hereafter ROB)*, Aug. 31, 20018.
- ¹⁶ "McDonald's manager wins \$5 million in bias lawsuit," *Cleveland Plain Dealer*, Oct. 28, 2001.
- ¹⁷ "Three Women and McDonald's in Settlement" *Manchester Union Leader*, Oct. 19, 2000.
- ¹⁸ "EEOC Says McDonald's Manager Discriminated against Black Employees," *Associated Press State and Local Wire*, Mar. 29, 2000.
- ¹⁹ "McDonald's Corporation Named in Lawsuit for Wrongful Termination based on Customer Assault on Employees," *Business Wire*, Dec. 18, 1990.
- ²⁰ "McDonald's Refuses to Help Raped Employee," *Africa News*, May 24, 2001.
- ²¹ *ROB*, 10-11, 15-16.
- ²² "NLRB Sides with Fired McDonald's Workers," *AP State and Local Wire*, Aug. 28, 1998; "Two at McDonald's Dismissed," *Cleveland Plain Dealer*, Jun. 12, 1998; "Two Fired McDonald's Workers Settle Complaint," *AP State and Local Wire*, Feb. 10, 1999.
- ²³ *ROB*, 5
- ²⁴ "Ronald McDonald on the Picket Line?" *Associated Press*, May 28, 1980.

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²⁵ “12,400 pound Child Labour Fine on McDonald’s,” *Guardian*, Jul. 31, 2001.

²⁶ *ROB*, 8.

²⁷ “A Report on the Working Conditions in McDonald’s Toy Production in Mainland China,” Hong Kong Industrial Committee [HKIC], Aug. 27, 2000; Press Release, HKIC, Sept. 9, 2000; McDonald’s Corporate Code of Conduct For Suppliers: South China Morning Post Allegations, McDonald’s Corporate website, www.McDonald’s.com; “How Hasbro, McDonald’s, Mattel and Disney Manufacture Their Toys,” Report on the Labor Rights and Occupational Safety and Health Conditions of Toy Workers in Foreign Investment Enterprises In Southern Mainland China, HKIC, December 2001.