

***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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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.