October 25, 2011

United Parcel Service
55 Glenlake Parkway, NE
Atlanta, GA 30328

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (http://www.contractormisconduct.org/), a compilation of information from public resources regarding government contractors, including UPS. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to UPS, please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure
Instances

Carter v. UPS (Racial Discrimination)
Date: 01/18/1999 (Date of Settlement)
Misconduct Type: Labor
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $12,100,000
Disposition: Settlement
Synopsis: United Parcel Service agreed to pay $8.2 million to about 12,000 employees to settle allegations that it discriminated against African-American employees in pay, promotion, and job assignments. (The overall amount of the settlement was reportedly $12.1 million.) The lawsuit alleged that UPS routinely passed over African-American workers for promotion in favor of less-experienced white workers, failed to pay African-American supervisors the same wages as whites, and retaliated against those who complained of unfair treatment.

Unsafe Delivery Trucks (New York Investigation)
Date: 03/01/2011 (Date of Settlement Announcement)
Misconduct Type: Health
Enforcement Agency: State/Local
Contracting Party: None
Court Type: Civil
Amount: $1,300,000
Disposition: Settlement
Synopsis: United Parcel Service paid $1.3 million to settle allegations that it knowingly used package delivery trucks in “serious disrepair.” An investigation by the New York Attorney General found that UPS allowed dozens of trucks with cracked or rotted frames to remain in service. The state alleged that during the time these trucks were kept in service, UPS mechanics conducted state and federal inspections falsely certifying the vehicles were safe.

Bates v. UPS (Disability Discrimination)
Date: 06/15/2009 (Date of Final Settlement)
Misconduct Type: Labor
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $11,050,000
Disposition: Settlement
Synopsis: Current and former deaf employees of United Parcel Service filed a class-action lawsuit alleging the company excluded them from numerous job categories and otherwise did not fairly accommodate them in the workplace. In 2003, UPS settled claims related to accommodations and promotions by agreeing to pay $5.8 million in damages. The rest of the claims were settled in 2009 with UPS agreeing to implement a new employee hearing standard and pay $5.25 million in attorneys’ fees and costs.

EEOC v. UPS (Failing to Accommodate an Employee with Diabetes)
Date: 09/02/2003 (Date of Settlement)
Misconduct Type: Labor
**Enforcement Agency:** EEOC  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** $149,999  
**Disposition:** Settlement  
**Synopsis:** The U.S. Equal Employment Opportunity Commission (EEOC) alleged that UPS violated the Americans with Disabilities Act by failing to reasonably accommodate a driver with Type II diabetes. UPS settled the case by agreeing to pay $149,999 ($74,999.50 in back pay and $74,999.50 in non-wage damages) to the driver.

**Fischer v. UPS (Retaliation)**  
**Date:** 02/01/2005 (Date of Complaint)  
**Misconduct Type:** Labor  
**Enforcement Agency:** Non-Governmental  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** $1,100,000  
**Disposition:** Judgment Against Defendant  
**Synopsis:** Kevin Fischer sued his former employer, UPS, accusing it of firing him in retaliation for filing a race discrimination lawsuit against the company. A jury returned a verdict in Fischer’s favor, awarding him $2.1 million in back pay, compensatory damages, and punitive damages. The trial court first reduced the $1.3 million punitive damages award to $300,000 to comply with the cap under Title VII of the Civil Rights Act, then, after hearing post-trial motions, vacated it. On appeal, the United States Court of Appeals for the Sixth Circuit reversed and remanded with instructions to reinstate the jury’s punitive damages award, subject to the $300,000 statutory cap.

**Hoskins v. UPS (Racial/Sexual Preference Discrimination)**  
**Date:** 03/11/2005 (Date of Verdict)  
**Misconduct Type:** Labor  
**Enforcement Agency:** Non-Governmental  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** $63,670  
**Disposition:** Judgment Against Defendant  
**Synopsis:** Kathy Hoskins sued her former employer, UPS, for what she described as severe, widespread and ongoing workplace harassment that led to her wrongful firing. A California state court jury found that Hoskins was subjected to a hostile work environment and that she was unjustly terminated and awarded her nearly $64,000 in damages.

**Meza v. UPS (Unpaid Overtime)**  
**Date:** 08/19/2009 (Date of Complaint)  
**Misconduct Type:** Labor  
**Enforcement Agency:** Non-Governmental  
**Contracting Party:** None  
**Court Type:** Civil  
**Amount:** Undisclosed  
**Disposition:** Settlement
Synopsis: A class-action lawsuit alleged UPS wrongly withheld approximately $100 million in overtime wages from account managers, who were classified as exempt from overtime pay. The lawsuit alleged account managers were required to work more than 40 hours a week without overtime pay, and UPS failed to keep accurate records of their work, in violation of the federal Fair Labor Standards Act and California’s wage and hour laws. According to court records, the lawsuit was settled “on an individual basis” in November 2010.

EEOC v. UPS (Religious Discrimination – Harrisburg, PA)
Date: 02/17/2010 (Date of Settlement Announcement)
Misconduct Type: Labor
Enforcement Agency: EEOC
Contracting Party: None
Court Type: Civil
Amount: $46,000
Disposition: Settlement
Synopsis: UPS Ground Freight (d/b/a UPS Freight) agreed to pay $46,000 to settle a religious discrimination lawsuit filed by the U.S. Equal Employment Opportunity Commission (EEOC) on behalf of a Rastafarian employee who was told by management to shave his beard and cut his dreadlocks but refused. The EEOC alleged UPS Freight fired Nieland Bynoe instead of attempting to reasonably accommodate his religious beliefs, in violation of Title VII of the Civil Rights Act of 1964. In addition to the monetary relief to Bynoe, UPS Freight also agreed to a two-year consent decree that includes injunctive relief prohibiting UPS Freight from engaging in unlawful religious discrimination or retaliation, anti-discrimination training; and posting a notice about the settlement.

Runner v. UPS (Unfair Shipping Rate Policy)
Date: 11/06/2008 (Date of Final Settlement)
Misconduct Type: Consumer Affairs
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $7,820,000
Disposition: Settlement
Synopsis: Plaintiffs in a class-action lawsuit alleged that, on occasion, UPS incorrectly charged higher rates applicable to residential deliveries when making deliveries to commercial locations. UPS settled the lawsuit in 2008 for $7.8 million and did not admit any liability or wrongdoing.

Sobocinski v. UPS (Sexual Harassment)
Date: 11/30/2009 (Date of MCAD Decision)
Misconduct Type: Labor
Enforcement Agency: State/Local
Contracting Party: None
Court Type: Administrative
Amount: $50,024
Disposition: Judgment Against Defendant
Synopsis: In March 2005, UPS employee Thomas Sobocinski filed a complaint with the Massachusetts Commission Against Discrimination (MCAD) alleging a sexually offensive and hostile workplace at UPS’s Shrewsbury, Massachusetts warehouse. The MCAD substantiated Sobocinski’s allegations and awarded him $50,000 in damages and $24 in lost wages.
**Anderson v. UPS (Disability Discrimination)**

**Date:** 03/16/2010 (Date of MCAD Decision)

**Misconduct Type:** Labor

**Enforcement Agency:** State/Local

**Contracting Party:** None

**Court Type:** Administrative

**Amount:** $872,490

**Disposition:** Judgment Against Defendant

**Synopsis:** In February 2008, UPS employee William Anderson, Jr. filed a complaint with the Massachusetts Commission Against Discrimination (MCAD) alleging he was subjected to discrimination by UPS, including constructive discharge, on the basis of his handicap, bipolar depression and anxiety disorder. He claimed UPS failed to reasonably accommodate his request to work in a daytime position with less stress and fewer hours. The MCAD substantiated Anderson’s allegations and awarded him more than $740,000 in lost wages and $125,000 in damages.

**EEOC v. UPS (Religious Discrimination – Bartlett, TN)**

**Date:** 06/18/2009 (Date of Settlement Announcement)

**Misconduct Type:** Labor

**Enforcement Agency:** EEOC

**Contracting Party:** None

**Court Type:** Civil

**Amount:** $23,500

**Disposition:** Settlement

**Synopsis:** In June 2009, UPS settled a religious discrimination lawsuit in which the U.S. Equal Employment Opportunity Commission (EEOC) alleged the company failed to accommodate the religious beliefs of one of its employees. UPS made the employee work past sundown on his Sabbath, which violated his tenets as a member of the United Church of God. UPS denied the EEOC’s allegations but agreed to pay $23,500 in damages to the employee.

**LaBrie v. UPS Supply Chain Solutions (Misclassifying Workers)**

**Date:** 12/07/2009 (Date of Settlement)

**Misconduct Type:** Labor

**Enforcement Agency:** Non-Governmental

**Contracting Party:** None

**Court Type:** Civil

**Amount:** $12,800,000

**Disposition:** Settlement

**Synopsis:** Current and former drivers who worked for UPS Supply Chain Solutions or its predecessor companies (UPS Logistics, SonicAir, Air Couriers) filed a class-action lawsuit claiming they were wrongly classified as independent contractors and were owed minimum wages and overtime pay under the Fair Labor Standards Act. The lawsuit settled in December 2009 with UPS agreeing to pay $12.8 million.

**Pending Instances**

**EEOC v. UPS (Unfair Leave Policy)**
Date: 08/27/2009 (Date of Original Complaint)
Misconduct Type: Labor
Enforcement Agency: EEOC
Contracting Party: None
Court Type: Civil
Amount: $0
Disposition: Pending
Synopsis: The U.S. Equal Employment Opportunity Commission (EEOC) charged UPS with violating the Americans with Disabilities Act (ADA) with regard to an employee with multiple sclerosis. The EEOC determined that UPS’s failure to provide the employee with an extension of medical leave violated the ADA. The EEOC filed a lawsuit seeking back pay and damages for the employee and a class of other disabled employees whom UPS similarly refused to accommodate by maintaining an inflexible 12-month leave policy.

Inaccurate Package Measurement System
Date: 05/02/2007 (Date of Complaint)
Misconduct Type: Consumer Affairs
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $0
Disposition: Pending
Synopsis: UPS franchisees filed a lawsuit claiming UPS routinely uses an inaccurate measurement system that causes thousands of franchise store owners to be back-charged millions of dollars for higher shipping rates. According to the complaint, franchise owners measure packages in the store, charge the customer and ship the package to UPS, where the company re-measures the package using what the suit claims is inaccurate techniques and back-charges the franchisee for the difference.

“Air-in-Ground Program” Litigation
Date: 02/02/2010 (Date of Complaint)
Misconduct Type: Consumer Affairs
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $0
Disposition: Pending
Synopsis: Several companies filed a Racketeer Influenced and Corrupt Organizations Act (RICO) lawsuit accusing UPS of defrauding its customers who purchase air shipping services by substituting less expensive ground shipping services without the customers’ knowledge or consent. They allege this practice has allowed UPS to earn hundreds of millions of dollars in unjustified fees and surcharges.

AFMS LLC v. UPS and FedEx (Antitrust)
Date: 08/05/2010 (Date of Complaint)
Misconduct Type: Antitrust
Enforcement Agency: Non-Governmental
Contracting Party: None
Court Type: Civil
Amount: $0
Disposition: Pending
Synopsis: Shipping services company AFMS Logistics Management Group alleges that UPS and FedEx colluded to prevent customers from using third-party consultants to negotiate lower shipping rates. The lawsuit claims that FedEx and UPS announced on the same day in October 2009 that they would no longer work with third-party consultants, which constituted price-fixing, restraint of trade and an attempt to establish monopoly power in violation of antitrust laws.