

Tesla's Billion-Dollar Battle: Employee Retaliates with New Race Bias Trial after \$137 Million Verdict Slashed



A new trial has commenced in San Francisco federal court to determine how much money Tesla Inc. will have to pay Owen Diaz, a Black elevator operator. The jury in 2021 determined that Diaz was subjected to severe racial harassment while working at Tesla's flagship assembly plant. The trial is expected to last five days, and both sides are preparing for another round in court. Last year, a judge reduced the \$137 million verdict the jury awarded to Diaz, one of the largest ever in a U.S. workplace discrimination case. Diaz's lawyers rejected the lower payout and opted for a new trial on damages.

In the 2021 trial, U.S. District Judge William Orrick agreed with the jury that Tesla was liable for race discrimination but reduced the verdict to \$15 million. Orrick is also presiding over this week's trial, barring both sides from presenting new evidence or calling new witnesses. Diaz, several employees, and managers at the Fremont, California plant are expected to testify, just like in the previous trial.

Diaz accused Tesla of failing to act when he complained to managers that employees at the factory frequently used racist slurs and scrawled swastikas, racist caricatures, and epithets on walls and workstations in his 2017 lawsuit. Diaz sued Tesla for causing him emotional distress under a California law prohibiting employers from failing to prevent hostile work environments based on race and other protected traits.

In the 2021 trial, the jury awarded Diaz nearly \$7 million in compensatory damages for emotional distress and \$130 million in punitive damages, designed to punish unlawful conduct and deter it in the future. Orrick last year reduced the compensatory damages to \$1.5 million and the punitive damages to \$13.5 million. He said that the sum acknowledged the pervasive harassment Diaz faced while reflecting that he had worked at the factory for only nine months and had not alleged any physical injury or illness.

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Employment discrimination cases rarely yield verdicts of more than \$1 million, let alone nine-figure sums. The U.S. Supreme Court has said punitive damages typically should be no more than ten times compensatory damages.

Lawrence Organ, a lawyer for Diaz, expressed his hope that the new jury would return a more significant verdict than the \$15 million award offered by Orrick and convince the judge that greater damages are warranted. He added that "Tesla is focused on trying to get that number to zero but that's a very cynical view to have a Black man racially harassed and suggest that is not worth a lot of money."

Tesla has said it does not tolerate discrimination, and its lawyers did not respond to requests for comment. The company had urged Orrick to reduce the original jury award to no more than \$600,000.

Tesla also faces claims of tolerating widespread race bias at the Fremont plant in a class action in California state court and a lawsuit by the state's civil rights watchdog making similar allegations. Both cases are still in the early stages.

The outcome of Diaz's trial will not directly affect those lawsuits or other court cases. Still, it could encourage workers to file new lawsuits against the company as it battles mounting challenges to its dominance of the electric car market.

In conclusion, the trial of Owen Diaz against Tesla for racial harassment is set to begin again, with Diaz's lawyers seeking more significant damages than the reduced \$15 million verdict. The outcome of this trial will not only affect the plaintiff and the company but could also significantly impact other ongoing cases against Tesla. The case highlights the importance of employers acting against discrimination and creating a safe and inclusive work environment for all employees. While it remains to be seen what the final verdict will be, this trial serves as a reminder that discrimination and harassment in the workplace must not be tolerated. Those who experience it have the right to hold their employers accountable.