

Judge Reduces \$137 Million Race Harassment Verdict Against Tesla to \$15 Million

California Employment Law Update Blog on April 19, 2022

A federal court judge pared down last year’s jaw-dropping \$137 million damages award against Tesla in a racial bias lawsuit. As [covered previously here](#), a San Francisco federal court jury awarded \$6.9 million in emotional distress damages and \$130 million in punitive damages to a Black former elevator operator who worked at Tesla’s Fremont facility for approximately one year before quitting his employment in 2016. On April 13, 2022, the judge granted Tesla’s motion for a reduction in the amount of damages in part and denied Tesla’s motion for judgment as a matter of law that it is not liable. The judge explained in his [order](#): “Great deference is owed to the jury’s verdict, but after careful review of the record, I conclude that the award of compensatory damages was excessive.”

Specifically, the judge reduced the emotional distress damages to \$1.5 million, the highest award supported by the evidence, as compared to the \$300,000 for which Tesla advocated. With an eye toward United States Supreme Court precedent imposing constitutional limitations on punitive damages awards, the judge reduced the punitive damages to \$13.5 million—nine times the amount of compensatory damages—as opposed to the one-to-one ratio Tesla proposed. While the judge described the jury’s award as “unconstitutionally large,” he rejected the argument that no punitive damages are warranted. The court granted the highest possible ratio of punitive damages (9:1) under the United States Supreme Court’s guidance that it is unlikely awards exceeding a single-digit ratio between punitive and compensatory damages will satisfy due process.

The former Tesla employee may not accept the reduced damages and instead request a new trial on damages – and Tesla presumably will appeal to the Ninth Circuit as well. As we’ve noted before [here](#), [here](#), and [here](#), this case well exemplifies the advantages of arbitration for employers and employees alike—arbitration offers increased speed, finality, cost-efficiency, and predictability, which are all absent in a jury trial like this one. We will continue to monitor this case and provide any relevant updates.

[View Original](#)

Related Professionals

- **Anthony J. Oncidi**
Partner
- **Michelle L. Lappen**
Associate