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LEGAL ALERT

Adrian Camacho v. Target Corporation and General Releases

If you are considering settling your employee's workers' compensation claim and hoping to avoid further litigation, be aware of the *Adrian Camacho v. Target Corporation* decision by California's Fourth District Court of Appeal.

Plaintiff Adrian Camacho, a Target employee, filed a workers' compensation claim due to injuries he suffered as a result of workplace harassment. Target settled the claim with a standard Compromise and Release ("CR"). This form contains a clause which makes clear that execution will have, "no effect on claims that are not within the scope of the workers' compensation [...] *unless otherwise expressly stated.*" [emphasis added] This final clause became the central issue of *Camacho*.

As a condition of settlement, Target included the following Addendum to this standard form CR which they believed would discharge them of all future liability:

"E. SETTLEMENT ACCURALS [sic][:] The amount in paragraph #7, page 6, includes consideration for the settlement by this Compromise and Release of any claimed, accrued medical temporary disability, vocational rehabilitation, temporary disability, mileage, penalties and interest, reinstatement, lost wages, attorney fees, costs, or any other claims for reimbursement, benefits, damages, or relief of whatever nature, include [sic] Labor Code §132(a) (Discrimination for filing a work injury) or Labor Code 11 §4553 (for serious and willful misconduct by the employer) claims filed, threatened, or contemplated, through the date of the Order Approving Compromise and Release."

Shortly thereafter, the plaintiff filed a civil complaint against Target for multiple causes of action related to the same harassment allegations. The court summarily dismissed the plaintiff's claim, agreeing with Target that the Addendum was sufficient to release the employer from civil liability.

Questions? Contact Stokes Wagner.

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However, the Fourth District Court of Appeal for California found this decision to be in error. The Court reasoned that the context of the general release clause in the Addendum was problematic, buried under multiple lines of technical language. The Court held the release to be insufficiently clear to put a claimant on notice that they were executing a general release of all liability and that the plaintiff could continue on his civil claim.

What does this mean for you?

The Court's reasoning was based heavily on the nature of workers' compensation proceedings. Claimants are not required to appear with an attorney, and regularly do not. The threat of imbalance in party representation make it imperative to keep safeguards in place to avoid employees improvidently waiving their rights or releasing their employer from liability without careful consideration. Thus, a court will require any release to be in "clear and non-technical language."

Err on the side of caution in negotiating a settlement of a workers' compensation claim. Clearly offset a general release in its own section on both the standard CR and in a separate addendum. Make clear the intent to specifically release the employer from all future claims and causes of action, explicitly including any unknown or unanticipated claims pursuant to Civil Code § 1542.

Less is not always more. In settlements like these, you can never be too careful.