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Reading the Riot Act: \$100 Million Settlement in Gender Discrimination Class Action

BY BOWDITCH & DEWEY • AUGUST 15, 2022

A California Superior Court judge recently preliminarily approved a \$100 million settlement in connection with a class action brought on behalf of a class of current and former female employees at video game studio Riot Games. The lawsuit, filed in 2018 after an [expose into so-called “bro culture” at Riot Games](#), asserted that the company discriminated against female employees when it promoted men more than women and demoted women who were similarly qualified to their male counterparts, and subjected women to a hostile work environment.

The named plaintiffs, Melanie McCracken (a then-current employee) and Jessica Negron (a former employee), alleged that they were denied equal pay and opportunities afforded to their male counterparts and that they were subjected to a sexually-hostile work environment that allegedly pervaded the California-based Riot Games. As asserted in the complaint, women were required to participate in and tolerate crude male humor, were sent unwelcome and unsolicited photos of male genitalia, and were demeaned in work e-mails. The California Department of Fair Employment and Housing (“DFEH”) and the Division of Labor Standards Enforcement (“DLSE”) subsequently intervened in the matter as additional plaintiffs.

Pursuant to the terms of the proposed settlement, Riot Games is to pay \$100 million, which includes a minimum \$80 million settlement fund to approximately 2,300 employees and contractors, in addition to \$20 million in legal fees and costs. This \$100 million dwarfs the \$10 million settlement initially proposed, which was objected to by the DFEH. The settlement also includes a wide-ranging injunctive relief component, which will require the company, for a period of three years, to:

- retain and pay for an independent, third-party expert to analyze Riot Games’ compensation, hiring, promotion, and assignment practices and to remedy any identified deficiencies;
- establish a \$6 million cash reserve for each of three years (for a total of \$18 million) to fund remedial measures, with any unused balance to fund Riot Games’ diversity, equity, and inclusion staff and programming;
- not restrict employees from discussing compensation issues;
- upon request, provide applicants with pay scale information and provide employees with the company’s California Pay Data Report;
- “limit subjectivity and implicit bias” in hiring decisions;
- offer full-time positions to 40 temporary agency contractors;
- retain and pay for an independent monitor to audit Riot Games’ compliance with employment laws and to advise

the company regarding sexual harassment, retaliation, and discrimination policies and procedures;

- maintain and retain employee personnel records (three years) and applicant documentation (four years);
- create a centralized database of all California employees and contractor complaints made to the company (for at least four years);
- not “impede, impair, or interfere with the right of any person or employee” to communicate with a governmental entity or file and pursue a civil action regarding “any potentially unlawful workplace practice;” and
- on a going-forward basis, not to enter into any separation agreements restricting an employee’s ability to disclose unlawful workplace acts.

Riot Games has been directed to provide notice to all class members by August 31, 2022; any class members wishing to opt-out will need to do so by October 31, 2022. Briefing on the final approval of the settlement will be submitted thereafter, with a hearing on the court’s final approval currently slated for December 1, 2022.