

OC WEEKLY

***OC Register* Carriers Lawsuit Finally Delivers an Ending**

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Freedom Communications has agreed to kick in an additional \$15.5 million for former *Orange County Register* newspaper carriers to once and for all settle a nine-year legal battle that ultimately cost the Irvine-based media company \$30 million.



"This was a long fought battle over many years, but now has been brought to closure," said **Daniel J. Callahan**, who represented 5,000 delivery people who sued the Santa Ana daily, in a statement from his Callahan & Blaine law firm.

Callahan actually pulled a nifty move to double his clients winnings from Freedom directors and officers.

The carriers who rose every morning to deliver the *Register* sued in Orange County Superior Court in 2003, arguing that under state labor law they were entitled to the same pay and benefits as employees. The *Reg* considered them independent contractors. Seven weeks into a jury trial, the case was settled in January 2009, when Freedom agreed to pony up \$38 million.

But in the throes of bankruptcy proceedings, Freedom tried to get out of paying the tab, Unfortunately for the company, Callahan had managed to get himself elected chairman of Freedom's unsecured creditors committee. He immediately negotiated a \$14.5 million payment to unsecured creditors, who were largely the carriers he represents.

His Santa Ana law firm then formed a litigation trust that "uncovered substantial evidence that the [Freedom] board put their own self interest above the best interests of the company and even changed its own board meeting minutes, after the fact, in an effort to cover up the board's wrongdoing," charged senior attorney **David J. Darnell**.

That led to another lawsuit against Freedom's directors and officers before Judge **Andrew Gilford** in the U.S. District Court in Santa Ana. Trial was scheduled to begin on July 3, but both sides hammered out the \$15.5 million settlement during a court-ordered mediation conference.

"This will result in substantial payments to over 3,000 Orange County residents who dutifully delivered newspapers in the early morning hours for many years," Callahan says in the statement.

Freedom had no comment.