

Final \$15.5 million settlement in Freedom BK

By [MARY ANN MILBOURN](#)



Insurers for Irvine-based Freedom Communications Inc. have agreed to pay \$15.5 million as part of a final settlement stemming from the company's 2009 bankruptcy reorganization. Freedom owns The Orange County Register.

Most of the money will go to about 5,000 former Register newspaper carriers who filed a class action suit against the company nine years ago. They claimed they had been improperly classified as independent contractors rather than getting the pay and benefits of employees.

A settlement [approved by an Orange County Superior Court judge in June 2009](#) awarded the carriers and their attorneys \$28.9 million, but

the payout got caught up in Freedom's bankruptcy, which was filed three months later.

When Freedom [emerged from bankruptcy in April 2010](#), the carriers and other unsecured creditors that had provided goods and services to the company shared an initial \$14.5 million of the \$40 million they were owed.

As part of the bankruptcy deal, Freedom agreed to allow the carriers and the other unsecured creditors to pursue separate litigation to recover additional funds from the insurers for the company's officers and directors.

The carriers and creditors [subsequently filed suit](#) claiming Freedom's officers and directors enriched themselves at the expense of unsecured creditors before the company went into bankruptcy.

Combined with the initial \$14.5 million from the bankruptcy, the carriers and unsecured creditors recovered \$30 million.

"It has been a 10-year struggle," said Daniel J. Callahan, an attorney with Callahan and Blaine which represented carriers and other unsecured creditors. "We are very, very pleased that it's over, that we are securing the money for the carriers and closing this chapter."

Freedom, which was not a party to the post-bankruptcy litigation, had no comment.

Callahan's firm will get \$3.1 million of the \$15.5 million as its fee. The firm was awarded \$12 million in fees and \$2 million in court costs as part of the initial class action settlement.