

Newspaper carriers say lawsuit against OC Register's owner settled for \$30 million

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SANTA ANA, Calif. — Thousands of newspaper carriers have settled their class-action lawsuit against the Orange County Register for a total of \$30 million, a lawyer for the carriers said Tuesday.

The carriers alleged that the newspaper's parent company, Freedom Communications Inc., classified them as independent contractors and not employees, denying them lunch breaks, overtime pay and mileage.

They reached a \$28.9 million settlement in June 2009, but the company filed for bankruptcy three months later.

Irvine-based Freedom Communications negotiated a \$14.5 million payment to some 5,000 carriers under a 2010 bankruptcy reorganization plan, plaintiffs' attorney Daniel J. Callahan said Tuesday.

Callahan, who represents 3,000 of the carriers, said they then sued the company's officers and directors, and Freedom Communications recently agreed to another \$15.5 million payment in mediation.

"We are very, very pleased that it's over, that we are securing the money for the carriers and closing this chapter," Callahan said.

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

The original lawsuit, filed in 2003, accused the Register of numerous labor violations, including failing to provide meal breaks for its carriers, failing to reimburse them for business expenses, failing to keep accurate payroll records, and unfair business practices.

After the bankruptcy, the carriers' lawsuit claimed Freedom Communications' officers and directors enriched themselves at the expense of unsecured creditors before the company went into bankruptcy.

Callahan's firm, Callahan and Blaine, 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.