

## UPDATE: 'O.C. Register' Pays \$22 Million to Settle Lawsuit by Its Carriers

By E&P Staff

Published: November 25, 2008 10:39 AM ET

**CHICAGO** The Orange County Register will pay \$22 million to settle a class-action lawsuit with its newspaper carriers. In the settlement, the carriers will agree they are independent contractors and not employees, as they contended throughout the contentious litigation.

In addition, the Freedom Communications-owned Register will pay as much as \$14 million to the attorneys who brought the action on behalf of the carriers, who claimed they were owed overtime, mileage compensation, and other compensation.

"Although plaintiffs' counsel is seeking \$12 million in fees, it is by no means certain that the court will award that amount, and it can award less," Freedom Communications said in a statement.

"It's a great day for the carriers, because they have endured nearly six years of litigation," Daniel J. Callahan, the attorney who filed the suit on behalf of 5,000 carriers who worked for the Register since 1999, told the newspaper in a story by John Gittelsohn.

Scott Flanders, Freedom's president and CEO, said the paper was pleased that the five years of litigation had been settled. "With this resolution, we bring certainty and finality to this issue, and we can move forward to address other challenges and to strengthen our business," he said.

The carriers had demanded \$88 million, arguing they were employees who were entitled to workers compensation, Social Security withholding, overtime legislation, and other protections. The Register argued the carriers acknowledged they were independent contractors in contracts they signed.

Under the settlement, the Register agreed to measures that will amount to additional compensation, although the two sides disagreed on how much it will cost the paper. The newspaper will reduce the price it charges for plastic wrappers carriers must use on inclement days, and will reduce the penalty for absences and customer complaints.

Freedom disputed the value of the benefits in a statement: "Plaintiffs' counsel has referred to these changes as 'benefits going forward to existing and future carriers' and has stated that these changes have an 'estimated' value of '\$6,000,000.' The Register disagrees strongly with that calculation and has approximated the value at a much lower figure."

The Register reported that details of how much each carrier will receive from the settlement are still being worked out. The five named plaintiffs in the suit will each receive \$35,000 in addition to their share of the \$22 million.

The lawsuit went on trial in September, and had been expected to continue until at least January.

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MORE: Editor-at-Large Mark Fitzgerald comments on the industry implications of the Register settlement at E&P's business-oriented [Fitz & Jen blog](#).

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