

# TGI Friday's Cuts \$19.1M Deal To End Wage Action

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Law360, San Francisco (September 19, 2017, 2:05 PM EDT) -- Attorneys representing a putative class of 28,800 TGI Friday's tipped workers have struck a \$19.1 million settlement with the restaurant chain and its former owners that would resolve claims alleging they violated multiple state and federal wage statutes, according to court documents filed in New York federal court.

In a Friday memo in support of a proposed settlement, the workers' attorneys said they plan to ask the court to award attorneys' fees that amount to one-third of the settlement, or \$6.36 million, plus reimbursement of out-of-pocket costs. Meanwhile, the workers would get a pro rata share of the settlement based on the number of weeks they worked during the proposed class period, the memo says. They added that the deal is fair, in light of the risks of continuing litigation.

"The settlement, if approved, will eliminate the risk and delay of years of further litigation and put money in the hands of the low-wage workers who earned it," the memo says.

If approved, the deal would resolve a nationwide putative class action brought by more than a dozen lead plaintiffs, alleging violations of the Fair Labor Standards Act and claims brought under the labor or unfair competition laws of nine states: California, Colorado, Connecticut, Florida, Illinois, Maryland, Michigan, New Jersey and New York. The suit names as defendants the restaurant chain [TGI Friday's Inc.](#) along with the TGI Friday's former owner, the hospitality firm Carlson Restaurants Inc.

Among the numerous allegations, the workers claim that the restaurant owners improperly took a "tip credit" from their paychecks and paid them a reduced minimum wage, which the FLSA and state laws sometimes permit, but not under the circumstances in this case. They also allege that the restaurant owners failed to pay them all owed overtime and uniform-related expenses, misappropriated tips and took unlawful deductions for customer walkouts.

Since the suit was filed, U.S. District Judge Analisa Torres has trimmed some claims brought under the California Unfair Competition Law and other state statutes, and the parties have been embroiled in heated [disputes](#) after 150 opt-in plaintiffs failed to participate during discovery. The companies also have filed motions for partial summary judgment and the workers [filed a motion for class certification](#). But before the judge ruled on those motions, the parties asked the court to stay the case in light of the proposed settlement.

The settlement asks the court to certify two classes: a class of tipped workers who filed a written consent to join the litigation, and a class of tipped workers who worked in one of the nine states at issue in the suit and who did not file a timely consent to join the case. All eligible class members who submit a claims form will be paid a pro-rata portion of the net settlement based on

the number of weeks they worked during the relevant period, the memo said.

The memo notes the value of unpaid wages being settled are estimated to range between \$16.5 million and \$91 million. The proposed deal therefore represents between 20 percent and 115 percent of the estimated unpaid wages, the memo says.

“While plaintiffs submit that such a settlement is an excellent result, in applying the standards for approval, there is nothing inherently suspect about a class action lawsuit that achieves a 20 percent recovery for class members,” the memo says.

In exchange for the cash settlements, the workers will agree to release the companies from all state law and FLSA claims asserted in the fourth amended complaint.

Carlson sold TGI Friday’s to [Sentinel Capital Partners](#) and TriArtisan Capital Partners for an estimated \$800 million **in July 2014**. Prior to that, Carlson jointly operated 920 TGI Friday’s restaurants in 60 countries and territories, and employed more than 175,000 people worldwide, according to the memo.

A hearing on the settlement’s preliminary approval has not yet been scheduled, according to the docket.

Counsel for both parties and representatives for TGI Friday's did not immediately respond to requests for comment Tuesday.

The workers are represented by Justin M. Swartz, Molly A. Brooks, Juno Turner and Sally J. Abrahamson of [Outten & Golden LLP](#) and Joseph A. Fitapelli, Brian S. Schaffer and Frank J. Mazzaferro of Fitapelli & Schaffer LLP.

The companies are represented by Gerald L. Maatman Jr., Jennifer A. Riley, Scott R. Rabe and Brendan Sweeney of [Seyfarth Shaw LLP](#).

The case is Julio Zorrilla et al. v. Carlson Restaurants Inc. et al., case number [1:14-cv-02740](#), in the U.S. District Court for the Southern District of New York.

--Additional reporting by Joyce Hanson. Editing by Orlando Lorenzo.