

# Jack in the Box bankruptcies put California worker lawsuit in limbo

By Loretta Kalb  
lkalb@sacbee.com

Central Valley Jack in the Box franchises, including restaurants in Merced County, controlled by Roseville developer Abe Alizadeh put off more than creditors last week when they filed for federal bankruptcy protection.

A wage-and-hour lawsuit filed on behalf of former Jack in the Box employee Patricia Morgan, 48, and thousands of night-shift co-workers also has been delayed as the bankruptcy protection filing goes forward. Morgan and her attorneys now must decide whether the case is even worth pursuing.

Morgan, who was fired in August 2008 from her job at a Jack in the Box in Woodland, is seeking unpaid hourly wages, unpaid overtime and compensation for being required to work during rest breaks and unpaid lunch periods.

The suit filed last November in Sacramento Superior Court names Jack in the Box franchisee Kobra Associates Inc., run by Alizadeh.

Kobra and three other Alizadeh-controlled companies - Sierra Valley Restaurants Inc., Food Service Management Inc. and Central Valley Food Services Inc. - operate 70 Jack in the Box restaurants combined from Fresno to Redding.

All four filed Chapter 11 bankruptcy petitions Friday in U.S. Bankruptcy Court for the Eastern District of California seeking protection from creditors.

The bankruptcy process diminishes prospects for recovery if the wage-and-hour lawsuit succeeds, since Morgan and her co-workers would be among the last to be paid from any remaining assets in liquidation.

Morgan expressed disappointment Tuesday about the company's financial plight.

But she said she and other Jack in the Box workers were reluctant to complain about working conditions because they feared losing their jobs.

Workers were required to work through lunch breaks as customers arrived, and they could not always take time to punch in on a time clock at the back of the restaurant, she said.

"They just kept on overloading us with work," Morgan said of her own firing.

"It couldn't be done. I couldn't do it any more."

An attorney for the Los Angeles law firm representing Kobra Associates did not have immediate comment.

The Oakland law firm handling Morgan's suit, Scott Cole & Associates, has sought to certify the case as a class action on behalf of about 5,300 employees who worked the night shift at Alizadeh-controlled Jack in the Box franchises since Dec. 1, 2004.

Scott Cole, the law firm's founder, estimated the unpaid wages could amount to millions of dollars.

"There is a sort of lockdown environment that exists during the night shift where people, for a variety of reasons, are not allowed to leave the location at all," said Cole. "That's a clear violation of wage laws.

"It's a Jack in the Box culture."

In January 2008, the Cole law firm settled a similar class-action suit against company-owned Jack in the Box restaurants in California for \$8 million. That case involved an estimated 30,000 night-shift hourly workers.

Morgan's attorneys also had sought through discovery the names of the other Jack in the Box franchise operators, all headed by Alizadeh.

Another Alizadeh company, the real estate development corporation Kobra Properties Inc., filed for bankruptcy protection in late 2008, listing \$277 million in debts.