

Federal Lawsuit Over Mass Layoffs Not on the Menu for California Restaurant Group

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A California restaurant chain recently got lucky and avoided a proposed class action filed by former workers who claimed the chain failed to provide proper notice before laying off approximately 3,000 employees.

The lawsuit alleged that the Catalina Restaurant Group's April 2015 restructuring – the chain was sold, restaurants were closed and layoffs occurred at corporate headquarters – left about 3,000 employees out of a job without prior warning. Additionally, the suit claimed that those affected were offered no severance pay and were informed their medical benefits would cease within one week.

The plaintiffs claimed these actions violated the federal Worker Adjustment and Retraining Notification Act, known as the WARN Act, according to which employers are required to provide at least 60 days' notice to their employees ahead of a mass layoff, which is defined as a 50-person reduction in workforce at a single site and at least 33 percent of total workforce (not counting part-time workers) at the single site of employment.

Judge Dean Pregerson of the U.S. District Court for the Central District of California granted the restaurant chain's motion for summary judgment and dismissed the putative class complaint, stating that the extent of the mass cuts failed to invoke the federal law protection of the WARN Act. The court reasoned that the downsizing took place across 75 individual units as well as at Catalina's corporate headquarters, and it did not meet the layoff threshold as it did not affect more than 50 employees per location. Furthermore, Judge Pregerson found that the plaintiffs' argument of combining geographically disparate restaurants to be considered as a "single site of employment" was not persuasive enough to convince the court that the separate units should be grouped together to overcome the 50 workers per location threshold.

A lesson for the employers – those who are deemed to have violated the federal law protection of the WARN Act are on the hook for paying each affected worker back pay and benefits for up to 60 days, in addition to attorneys' fees in legal action.

The case is *Ronald Ross, et al. v. Catalina Restaurant Group Inc., et al.*, case number [2:15-cv-02626](#) in the U.S. District Court for the Central District of California.

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