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Inkstop employees to get most of their back wages; former directors chip in \$660,000 to repay employees

By Janet Cho, The Plain Dealer March 29, 2010, 5:26PM

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Gus Chan/Plain Dealer file

Inkstop brand ink on the shelves of the Inkstop store during the liquidation sale in Independence on December 9, 2009.

WARRENSVILLE HEIGHTS, Ohio - More than 600 former employees of InkStop Inc. may finally receive their last paychecks from the troubled retailer - nearly six months after the ink-and-toner chain closed its doors and locked out all its workers.

The money to repay workers will come from a \$660,000 fund created and paid for by the 15 people on the company's board of directors,

Board of directors

InkStop's 15-member board of directors paid \$660,000 to pay employees' back wages and dismiss two lawsuits:

Dirk S. Kettlewell, chief executive and co-founder (former senior vice president at OfficeMax Inc.); board

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including founders Dirk and Dawn Kettlewell.

The proposed settlement filed late Monday in U.S. District Court for the Northern District of Ohio, which still must be approved by Judge Solomon Oliver Jr., would end up paying most workers about 82 percent of what they are owed in wages and overtime under the federal Fair Labor Standards Act.

In exchange for taking the payments, the 629 employees would drop the two lawsuits they had filed against the company's board seeking back wages and other damages.

The settlement outlines how much each worker will get paid, up to a maximum of \$4,920.50. Store managers can get an additional \$169.34 to settle claims that they were asked to work unpaid overtime.

Attorneys representing the directors and company executives could not be reached for comment on Monday.

But in a joint statement issued by all sides, they said the agreement "provides a fair structure through which the employees can be paid . . . and the two lawsuits would be resolved."

"I think it's the best possible result that could've happened," said Melanie Warren, an InkStop store manager in Cincinnati and one of the first people to join the lawsuit after InkStop abruptly closed its stores on Oct. 1.

"It doesn't make everybody whole, but it puts them on the road to recovery. I am so proud of the employees who stood together as one and showed that the little guys can truly be a voice. That's really what this was all about."

Carol Laskoski, assistant store lead in Warrington, Pa., said that while she had been hoping for more, "I'm happy with it, because at least we're getting our money."

Jim Varagona, a store manager in St. Louis, said: "I'll believe everything when I get the check in my hands.

"I'm glad to see it come to an end, but I'm a little disappointed that they've gotten away with what they have. It would've been nice to see some more justice."

member of the Boomer Esiason Foundation against cystic fibrosis.

Dawn Callahan-Kettlewell, co-founder and senior vice president of sales and marketing (former vice president at OfficeMax).

Dale Fuller, chief financial officer, former vice president of finance for

InkStop's rise and fall:

Jan. 22, 2006: InkStop opens its first store, in Independence.

May 2006: InkStop names its first board of directors.

June 22, 2006: InkStop opens its first store outside of Ohio in Troy, Mich.

August 2006: InkStop rakes in first \$1 million in sales.

Jan. 2007: At the end of its first fiscal year, InkStop operates 29 stores, reaches \$7 million in sales.

Attorney Anthony Lazzaro of The Lazzaro Law Firm LLC, said: "It's a great settlement considering the circumstances," because the employees will get nearly everything they're entitled to under federal wage laws from a company that didn't have any money.

"Option B would have been to litigate it for a year or two and hopefully get more," but considering the time and uncertainty associated with that, it was better to have settled, he said.

Attorney Jason Bristol of Cohen Rosenthal & Kramer LLP added: "Our goal all along was to make sure that the employees were compensated for the work that they performed."

"The goal of the settlement for both sides is to reach out to all affected employees and have everyone included."

The amounts workers will get was determined by U.S. Department of Labor calculations. The fact that InkStop declared bankruptcy on Nov. 5 prevented workers from being paid for unused vacation and sick days. Both Lazzaro and Bristol took half of their usual fee in order to leave more money for the employees.

Lazzaro said it's fairly unusual for directors to shell out their own money to repay workers after a company goes under.

If the court decides to approve the settlement, notices would be mailed to former employees inviting them to opt in and get repaid. If all goes as planned, employees could get their checks in May.