By Wayne Risher

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Eighteen former Schnucks workers have alleged fraud and deception by the St. Louis-based grocery chain in its dealings with employees before last year’s sale of Memphis area stores to Kroger.

A lawsuit seeks back pay and damages for the employees, who contend Schnucks officials lied about plans to sell the chain and violated a federal law on layoff notification.

The lawsuit was filed in mid-August by Memphis Area Legal Services Inc. and was removed to U.S. District Court in Memphis Tuesday on a motion from Schnucks' attorneys.

Frank Cantrell, legal services deputy director and general counsel, said the lawsuit speaks for itself. He added, "Memphis Area Legal Services represents 18 hardworking people who worked for Schnucks. They deserved to be told the truth. Instead, what they were told was not true, and they suffered real harm."

Schnuck Markets Inc.'s corporate office in Missouri referred questions to attorneys at Burch Porter & Johnson in Memphis, who had not filed a detailed response to the lawsuit.

"I don't really want to get into specifics," said lawyer Lisa Krupicka. "I will tell you Schnucks thought long and hard about how to handle this and they do believe they handled it correctly, and we intend to vigorously defend this lawsuit."

Krupicka and her colleague David Goodman represent Schnucks.

The private, family-owned company owns 100 stores in Missouri, Illinois, Indiana, Wisconsin and Iowa.

The plaintiffs were among nearly 1,200 Schnucks employees affected by the company's sale of Memphis area stores to Kroger one year ago. The transaction resulted in six stores closing: four Schnucks and two Krogers.

Legal Services has been working with former employees since last fall, Cantrell said. Some were referred by other lawyers, and some referred fellow employees.

The lawsuit, initially filed in Circuit Court, alleged that Schnucks officials deliberately deceived employees, giving false assurances about job security and misleading
explanations about the suspension of a gas credit program, dwindling inventories of Schnucks brands and other signs of a pending ownership change.

The lawsuit says the falsehoods duped them into staying in jobs and not seeking other opportunities, resulting in consequences, after the sale, ranging from loss of health care coverage to loss of homes and vehicles.

"They were shocked, embarrassed, humiliated, betrayed, worried, stressed and frightened," the lawsuit stated. "Many lost sleep. Many had to face their families and children and tell them that they had been lied to and had lost their jobs and their medical coverage."

Plaintiffs demanded a jury trial.