



The Labor Advocate

The Labor Community's Source for Department of Labor News

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Economic News Update

- June unemployment remained unchanged at 5.5%, remaining below the averages for the past three decades.
- Average hourly earnings increased by \$0.06 in June.
- Productivity increased by 0.7% in the first quarter of 2008.
- The bipartisan economic growth package signed by President Bush is sending over \$152 billion back to American families and is expected to create more than 500,000 jobs by the end of 2008.

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Secretary of Labor Elaine L. Chao delivers keynote speech at the 2008 National Peace Officers' Memorial Service

Secretary of Labor Elaine L. Chao delivered the keynote speech at the 2008 National Peace Officers' Memorial Service in May, the capstone event of the Fraternal Order of Police's National Police Week.

"Each and every day, men and women in law enforcement put themselves at risk to keep their fellow Americans safe and secure," Secretary Chao said. "As President George W. Bush has said many times before, it takes a special kind of person to serve in law enforcement. Most people run from danger. Law enforcement officers run toward it."

Secretary Chao, who gave the speech on behalf of President George W. Bush, was joined at the memorial service by Attor-

(See **POLICE MEMORIAL**, pg. 3)



Secretary Chao stands for the National Anthem with Homeland Security Secretary Chertoff, Attorney General Mukasey and Interior Secretary Kempthorne at the National Police Officers' Memorial Service. (DOL Photo/Douglas Sonders)

U.S. Department of Labor working to aid recovery from flooding and tornadoes in the Midwest

The Department of Labor has announced multiple programs to aid dislocated workers in the Midwest to assist in the cleanup and recovery resulting from damage caused by recent flooding and tornadoes.

"We want to make information

easily accessible and help quickly available to Americans affected by the devastating flooding in the Midwest," said Secretary of Labor Elaine L. Chao. "In addition to our toll-free telephone number, we've set up a Midwest Flood Recovery Assistance Web page to guide affected residents on unemployment insurance, personal safety during cleanup operations and

(See **MIDWEST FLOODING**, pg. 3)



U.S. Department of Labor announces more than \$1.8 million to assist dislocated Wisconsin workers

In January, Secretary of Labor Elaine L. Chao announced a grant of \$1,803,148, with an initial release of \$598,241, to Wisconsin to assist approximately 400 workers affected by the closure of both the Electrical and Safety and Powertrain divisions of Delphi Corp. in Oak Creek.

"This \$1.8 million grant will enable Wisconsin workers who have been affected by the closures to get the help they need to find new jobs," said U.S. Secretary of

Labor Elaine L. Chao.

On June 22, 2007, Delphi Corp. announced the closure of its Electrical and Safety division. On Sept. 9, 2007, Delphi announced it would also close its Powertrain division. As of November 27, 2007, affected workers from both of these divisions had been certified as eligible for the Trade Adjustment Assistance (TAA) program. A variety of unions represent workers at the Oak Creek plant, including the UAW, IUE-CWA, Steelworkers,

IBEW, IAMAW and the Operating Engineers.

The grant, awarded to the Wisconsin Department of Workforce Development, will provide re-employment services not covered under the TAA program, including assessment, career counseling and case management. Services available to these workers under TAA may include training, job search allowances, relocation allowances and a health coverage tax credit, among others.

U.S. Department of Labor announces \$1.25 million to North Carolina to help trade-affected workers pay for health insurance

The Department announced a \$1,250,000 National Emergency Grant (NEG) to the state of North Carolina in January to help provide assistance in paying health insurance premiums to approximately 1,800 dislocated workers who are eligible for the Health Coverage Tax Credit. The assistance is available through the Trade Adjustment Assistance (TAA) Reform

Act of 2002.

"This \$1.25 million grant will help provide health care coverage for these workers as they transition to new careers," said U.S. Secretary of Labor Elaine L. Chao.

The TAA Reform Act of 2002 established mechanisms by which trade-certified individuals and members of other eligible groups can receive assistance to partially

cover the costs of qualified health insurance coverage. The primary mechanism is a federal tax credit administered by the Internal Revenue Service (IRS). Payments made through this grant will cover up to 65 percent of the cost of health insurance premiums during the one to three months required for the IRS to enroll, process and begin providing payments for eligible individuals.

Hewitt and Enron to restore \$11.2 million to Enron litigation settlement fund

Hewitt Associates LLC and the Enron Creditors Recovery Corp. have agreed to restore \$11.2 million to the court-supervised settlement fund for Enron participants, the U.S. Department of Labor announced in March. The settlement resolves a contempt motion filed by the Secretary of Labor against Hewitt for having misallocated court-supervised settlement funds owed to Enron employees.

"This settlement will ensure that

all pension plan participants will receive all the funds to which they are entitled," said U.S. Secretary of Labor Elaine L. Chao.

Hewitt, which served as the administrator for the settlement fund, caused the fund to have insufficient cash to pay Enron workers, retirees and beneficiaries all the amounts due them. The fund holds recoveries obtained by the Department and class action plaintiffs in related lawsuits regarding Enron's pension plans.

The settlement will restore the funds necessary to permit full payment to the plan participants in accordance with the allocation formula originally approved by the court. Without the settlement, the fund would have had less than it needed to pay all of the participants their promised recoveries. Enron and Hewitt have agreed to provide the funds necessary to make up the shortfall in the amount needed to make whole the underpaid participants.



Midwest Flooding (Continued from pg. 1)

many other helpful resources for workers and employers."

President Bush and the Federal Emergency Management Agency (FEMA) have declared multiple counties across the Midwest as disaster areas and are eligible for FEMA's Public Assistance Program.

To date, the Department has awarded a \$17,127,000 grant to create approximately 600 temporary jobs for eligible dislo-

cated workers in Iowa, a \$2,400,000 grant to the state of Indiana to fund the creation of approximately 200 temporary jobs and a \$3,500,000 grant to the state of Illinois to create approximately 200 temporary jobs. These jobs are funded through the NEG program.

Impacted states can apply for NEG funds that can be used to temporarily employ dislocated workers on projects for the cleanup, demolition, renovation

and reconstruction of public facilities and land. These funds can also be used to employ workers on projects that provide food, clothing, shelter and other humanitarian assistance for disaster victims.

The Department has set up a website, located at <http://www.dol.gov/opa/flood-recovery.htm> and is also providing assistance through DOL's National Contact Center at **1-866-4-USA-DOL (1-866-487-2365)**.

Police Memorial (Continued from pg. 1)

ney General Michael Mukasey, Secretary of Homeland Security Michael Chertoff, and Secretary of the Interior Dirk Kempthorne, along with a number of members of Congress and country recording artist Jo Dee Messina.

The event, held at the west front of the U.S. Capitol, was attended by more than 25,000 law enforcement officers as well as the surviving family and

friends of the 192 officers who gave their lives in the line of duty in 2007. It was the 27th annual memorial service sponsored by the Fraternal Order of Police, and the seventh service Secretary Chao has attended

since taking the helm of the Department of Labor in 2001. The Fraternal Order of Police is the largest union representing police officers in the United States, with over 350,000 members.

See more photos from the event on pg. 7



Secretary Chao sits with Chief David A. Hiller, Chief of Grosse Pointe, MI Park Department of Public Safety and National Vice President of the Fraternal Order of Police, at the National Police Officers' Memorial Service at the Capitol. (DOL Photo/Douglas Sonders)





McLane Co. in Temple, Texas, agrees to pay more than \$1.5 million in back wages to 570 employees following a U.S. Department of Labor investigation

McLane Co. Inc., headquartered in Temple, TX, has agreed to pay \$1,559,316 in overtime back wages to 570 current and former retail merchandising specialists nationwide after an investigation by the Employment Standard Administration's Wage and Hour Division found that the company misclassified employees and did not pay overtime wages required by the Fair Labor Standards Act

(FLSA).

"Workers are entitled to the wages they've earned," said U.S. Secretary of Labor Elaine L. Chao. "We have secured more than \$1.5 million in back wages for these workers, and the employer is on notice to properly compensate its employees in the future."

McLane Co., a wholesale distributor of food and grocery products, erroneously regarded retail mer-

chandising specialists as outside sales employees exempt from FLSA coverage. Additionally, the company did not keep required records of hours worked. This investigation was conducted by the Dallas District Office following an initial investigation of the company's Nicholasville, KY, location by the division's district office in Louisville, KY. The employer cooperated with the investigation and agreed to pay back wages in full.

U.S. Department of Labor files suit against Aggregate Industries to recover more than \$1 million in back wages due 302 Denver, Colorado-area workers

The U.S. Department of Labor has filed a lawsuit to recover \$1,094,486 in back wages for 302 Denver-area employees of Aggregate Industries, WRE Inc., a subsidiary of Bardon US Corp. The suit, filed in the U.S. District Court in Denver, resulted from an investigation by the Wage and Hour Division that found violations of the Fair Labor Standards Act (FLSA).

"Among this Department's highest priorities is making sure that workers are paid all the wages

they have earned," said Secretary of Labor Elaine L. Chao. "This legal action is being taken to recover more than \$1 million in back wages for these Colorado workers."

The Wage and Hour Division investigation found the company in violation of FLSA for failing to pay employees overtime for hours worked in excess of 40 hours per week during pay periods ending from June 25, 2005, through June 3, 2006. The company paid truck

drivers on a per load basis without regard to the number of hours worked.

The company agreed to come into compliance for the future but has refused to pay the computed amount of back wages due these workers. Aggregate Industries, located in Golden, CO, produces high quality aggregated-based construction materials. Bardon's corporate offices are located in Baltimore, MD.

U.S. Department of Labor announces grant of more than \$1.7 million to assist Missouri workers affected by automotive industry layoffs

The U.S. Department of Labor announced in April a \$1,730,321 grant to the state of Missouri to provide employment and training assistance to workers dislocated as a result of layoffs occurring at Chrysler LLC in Fenton, Integram St. Louis Seating

in Pacific, and Yushin USA Ltd. in Kirksville.

"This \$1.7 million grant will provide these Missourians with employment services to help in starting a new career in a growing industry," said U.S. Secretary of

Labor Elaine L. Chao.

All workers impacted by these layoffs have been certified for TAA. The grant, awarded to the Missouri Division of Workforce

(See **MISSOURI WORKERS**, pg. 6)



U.S. Department of Labor Sues Chicago Investment Firm and Executives to Recover More Than \$25 Million for Five Michigan Union Pension Plans

The U.S. Department of Labor filed a lawsuit in April against Chicago-based AA Capital Partners Inc. and its executives for improperly causing more than \$25 million in losses for five Michigan pension funds by misusing plan assets to benefit themselves and by charging the plans excessive investment management fees. The Department's suit seeks to restore all losses incurred by the plans as a result of the defendants' improper actions.

"This case involves gross abuse of the trust that workers and their families placed in the management of these pension funds," said Secretary of Labor Elaine L. Chao. "We are seeking full restitution to the pension plans, including the illegal profits that the defendants realized at the expense of workers and their families."

The Department's suit alleges that AA Capital Partners, its co-owner and president John Orecchio, chief financial officer Mary Elizabeth Stevens, and affiliate

AA Capital Liquidity Management LLC violated the Employee Retirement Income Security Act (ERISA) by imprudently misusing plan assets and charging the plans excessive fees on investments.

The pension plans covered more than 60,000 participants of the Carpenters Pension Trust Fund of Detroit and Vicinity, Operating Engineers Local Number 324 Pension Fund, Michigan Regional Council of Carpenters Annuity Fund, Millwrights' Local Number 1102 Supplemental Pension Fund, and Michigan Teamsters Joint Council #43 Pension Fund. As of April 30, 2006, the pension plans had total assets of approximately \$3.1 billion, the latest data available.

At various times from 2002 to 2006, the defendants are alleged to have improperly used \$25.9 million of the plans' assets to pay for, among other things, the operating expenses of the firm, renovations to a horse farm and a strip club managed by Orecchio. In addition, they allegedly caused

the plans to pay unauthorized fees to AA Capital Partners. The suit seeks a court order to require that the defendants restore to the plans all losses, return illegal profits and correct transactions prohibited by law. The suit also asks that the defendants be permanently barred from serving as fiduciaries to any plan governed by ERISA in the future.

AA Capital Partners is a registered investment advisory firm to employee benefit plans, including ERISA-covered benefit plans. The firm created AA Capital Liquidity Management as the general partner for a fund that invested in real estate loans and entities that developed real property. As a result of a Sept. 13, 2006, lawsuit filed by the Securities and Exchange Commission, AA Capital Partners was placed in the hands of a court-appointed receiver.

The Chicago Regional Office of the Department's Employee Benefits Security Administration investigated this case. The suit was filed in federal district court in Chicago.

U.S. Department of Labor announces \$8.7 million for dislocated airline workers in Hawaii, Indiana

The U.S. Department of Labor announced in June a \$5,220,500 grant to Hawaii to assist approximately 710 workers affected by the discontinuation of passenger airline services at ATA Airlines and Aloha Airlines, both located in Honolulu, and \$3.52 million to assist approximately 350 workers in Indian-

apolis, IN.

"These grants will provide immediate assistance to the workers affected by these layoffs," said Secretary of Labor Elaine L. Chao. "Hawaii and Indiana are working hard to ensure these workers have access to important re-employment services that will

help them get back to work as quickly as possible."

On March 31, Aloha Airlines issued a Worker Adjustment and Retraining Notification (WARN) announcing that it was immediately ending passenger services

(See **HAWAII WORKERS**, pg. 6)



U.S. Secretary of Labor Elaine L. Chao highlights accomplishments in reforming employee benefits system at 'DOL Speaks' conference

In a May speech at the 2008 Employee Benefits Conference in Washington, U.S. Secretary of Labor Elaine L. Chao told attendees that the Bush Administration has accomplished its goals to strengthen the ability of employers to deliver retirement and health benefit security and keep its commitment to workers and their families.

"This administration succeeded in enacting the Pension Protection Act — the most sweeping reforms of retirement plan rules in over three decades," said Secretary Chao. "Our initiatives will boost participation in retirement funds and empower workers, retirees and their families with more useful information on

the management of their funds and investment strategies. And our record-setting enforcement and outreach efforts have yielded billions of dollars in results for workers and retirees."

Secretary Chao discussed at length the administration's ongoing efforts to fully implement the Pension Protection Act of 2006 (PPA). Since enactment of PPA, the Department has issued 22 regulatory actions that strengthen the nation's private pension system so America's workers and retirees can look forward to a secure retirement.

In her remarks before the conference, co-sponsored by the U.S. Department of Labor and the American Society of Pension Pro-

fessionals and Actuaries, Secretary Chao thanked the group for its partnership in magnifying the scope and impact of compliance assistance efforts that help employers comply with existing employee benefit plan laws. She highlighted the Department's success since 2001, under its Employee Benefits Security Administration enforcement program, in recovering nearly \$11 billion and obtaining more than 800 criminal indictments. In addition, the agency has directly reached more than seven million people through education and outreach efforts, responded to approximately 1.3 million inquiries and recovered more than \$524 million for individuals through informal complaint resolution.

Missouri Workers (Continued from pg. 4)

development, will provide workers with services not covered under the TAA program, which may include assessment, career counseling and case management. Services and benefits available to these workers under TAA may include training, job

search allowances, relocation allowances and a health coverage tax credit, among others.

On Nov. 2, 2007, Chrysler LLC announced that it would be eliminating the second shift at its Fenton, MO, plant, affecting approxi-

mately 1,078 workers. As a result, Chrysler suppliers Integram St. Louis Seating and Yushin USA Ltd. also announced that they would be laying off 326 and 100 workers, respectively.

Hawaii Workers (Continued from pg. 5)

and laying off workers throughout the state. On April 4, ATA Airlines issued a WARN announcing it had discontinued passenger airline services and begun laying off workers.

The grants, awarded to the Hawaii Department of Labor and Industrial Relations and the Indiana Department of

Workforce Development, will provide affected workers with a range of re-employment services, including skills assessment, individual career counseling, and career and occupational skills training.





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Secretary of Labor Elaine L. Chao pays tribute to our Nation's fallen Peace Officers



Clockwise from Left: Secretary Chao delivers the keynote speech at the National Peace Officers' Memorial Service.

Secretary Chao pins a flower on a memorial wreath with Grand Lodge Fraternal Order of Police Auxiliary President Beverly Crump at the Capitol.

Secretary Chao greets Leslie Freeman of Huntsville, AL whose husband, Police Officer William Eric Freeman, was killed in the line of duty.

Secretary Chao greets Officer Corey Holcomb of Piedmont, AL and his mother, Sharon Holcomb, whose father and husband, Lt. Dexter Holcomb, died in the line of duty.



(DOL Photos/Douglas Sonders)

