



In the Matter of:

CRAIG S. FRIDAY,

ARB CASE NO. 04-124

COMPLAINANT,

**ALJ CASE NO. 2004-AIR-16
2004-AIR-17**

v.

DATE: September 28, 2007

NORTHWEST AIRLINES, INC.,

RESPONDENT.

BEFORE: THE ADMINISTRATIVE REVIEW BOARD

Appearances:

For the Complainant:

James A. Gauthier, Esq., Kent, Washington

For the Respondent:

**Timothy R. Thornton, Esq., Elizabeth M. Brama, Esq., *Briggs and Morgan, P.A.*,
Minneapolis, Minnesota**

FINAL DECISION AND ORDER OF DISMISSAL

Craig S. Friday filed complaints with the United States Department of Labor alleging that his employer, Northwest Airlines, Inc., subjected him to various adverse actions in violation of the employee protection provisions of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR 21).¹ Northwest filed a Motion for Summary Judgment (Motion), seeking dismissal of the complaints. A

¹ 49 U.S.C.A. § 42121(a) (West 2003). AIR 21's implementing regulations are found at 29 C.F.R. Part 1979 (2007).

Department of Labor Administrative Law Judge (ALJ) granted Northwest's Motion and recommended that all of the allegations contained in Friday's complaints be dismissed.

On September 14, 2005, Northwest filed a Chapter 11 petition for bankruptcy protection in the Southern District of New York.² On January 31, 2007, the Board issued an order staying proceedings in this case pursuant to the Bankruptcy Code's automatic stay provision.³

On May 31, 2007, Northwest completed its reorganization.⁴ On September 7, 2007, the Board issued an Order to Show Cause why the Board should not proceed to rule on this case. Both parties have now responded to the Order to Show Cause.

Northwest contends that the Bankruptcy Court's Confirmation Order discharges and releases Northwest from Friday's AIR 21 claims. Northwest relies on sections 524 and 1141 of the Bankruptcy Code and the terms of the Confirmation Order and Reorganization Plan.

In his response to the Show Cause Order Friday does not directly address the effect of the Bankruptcy Court's discharge. The only arguably relevant argument he raises is his unsupported assertion that the Bankruptcy Court "ruled that [his] claims in the Bankruptcy Court are matters governed by the collective bargaining agreement" and that the bankruptcy judge "further ordered that Friday could file suit to compel Northwest to arbitrate his grievances."⁵

Section 1141(d)(1) defines the effect of confirmation of a Chapter 11 reorganization plan as follows:

Except as otherwise provided in this subsection, in the plan, or in the order confirming the plan, the confirmation of a plan—

² *In re: Northwest Airlines Corp., et. al*, Case No. 05-17930 (ALG).

³ 11 U.S.C.A. § 362(a)(1) (West Supp. 2003).

⁴ *See Findings of Fact, Conclusions of Law, and Order Under 11 U.S.C. § 1129(a) and (b) and Fed.R.Bankr.P. 3020 Confirming Debtors' First Amended Joint and Consolidated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (Confirmation Order) and Debtors' First Amended Joint and Consolidated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (Reorganization Plan).*

⁵ "Appeal Brief of Craig Friday," submitted to the Board on September 24, 2007 in response to the Order to Show Cause.

(A) discharges the debtor from any debt that arose before the date of such confirmation . . . whether or not—

- (i) a proof of the claim based on such debt is filed or deemed filed under section 501 of this title;
- (ii) such claim is allowed under section 502 of this title; or
- (iii) the holder of such claim has accepted the plan^{6]}

Section 524(a) provides that a discharge “operates as an injunction against the commencement or continuation of an action, the employment of process, or an act, to collect, recover, or offset any debt” that is discharged under the plan. 11 U.S.C.A. § 524(a).

The Confirmation Order provides that:

Pursuant to Section 11.2 of the [Reorganization] Plan, except as provided in the [Reorganization] Plan, on the Effective Date, all existing Equity Interests in NWA Corp. and Claims against the Debtors, including Intercompany Claims, shall be, and shall be deemed to be, satisfied, discharged and terminated, and all holders of Equity Interests in NWA Corp. and Claims against any of the Debtors shall be precluded and enjoined from asserting against the Reorganized Debtors, or any of their assets or properties, any other or further Equity interests in NWA Corp. or Claim against any of the Debtors based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.^{7]}

The “Effective Date” cited in the Confirmation Order is May 31, 2007,⁸ and Friday’s AIR 21 complaints are “claims” that arose prior to the Effective Date. Although Friday contends that the Bankruptcy Court ruled that his claims are exempt from the bankruptcy discharge, he has not submitted any documents in support of his contention, nor does he cite to or identify any document establishing such a ruling. In addition,

⁶ “Debt” means “liability on a claim.” 11 U.S.C.A. § 101(12). “Claim” means the right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured.” 11 U.S.C.A. § 101(5).

⁷ Confirmation Order at 34.

⁸ Notice of (I) Entry of Order Confirming Debtors’ First Amended Joint and Consolidated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code; and (II) Occurrence of Effective Date at 1-2.

Friday has not demonstrated how a ruling that he may file suit to compel Northwest to arbitrate his grievances removes his AIR 21 complaints from the protection of the bankruptcy discharge.

Therefore, we conclude that Friday has failed to show that we should deviate from the relevant statutory text and bankruptcy court orders, and we further conclude that any liability Northwest had for Friday's AIR 21 complaints was discharged in the bankruptcy proceeding.⁹ For this reason, we lift our stay of these proceedings and **DISMISS** Friday's complaints.

SO ORDERED.

OLIVER M. TRANSUE
Administrative Appeals Judge

A. LOUISE OLIVER
Administrative Appeals Judge

⁹ See, e.g., *Davis v. United Airlines*, ARB No. 02-105, ALJ No. 2001-AIR-5, slip op. at 3 (ARB Apr. 26, 2006) (citing §§ 524(a) and 1141(d) of the Bankruptcy Code); *Toland v. PST Vans, Inc.*, 1993-STA-29, slip op. at 2 (Sec'y Sept. 7, 1994) (same).