

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

68-0157 (9-06) - 3091078 - EI

JAMES BENTLEY
Claimant

APPEAL NO: 11A-UI-02767-ET

**ADMINISTRATIVE LAW JUDGE
DECISION**

CLUB 2000 INC
Employer

OC: 12-05-10
Claimant: Appellant (2)

Iowa Code § 96.3(5) – Layoff Due to Business Closing

STATEMENT OF THE CASE:

The claimant filed a timely appeal from the February 28, 2011, reference 02, decision that determined the claimant was not laid off due to a business closing. After due notice was issued, a hearing was held by telephone conference call before Administrative Law Judge Julie Elder on March 30, 2011. The claimant participated in the hearing. The employer did not respond to the hearing notice and did not participate in the hearing or request a postponement of the hearing as required by the hearing notice.

FINDINGS OF FACT:

Having reviewed all of the evidence in the record, the administrative law judge finds: The claimant was employed as a full-time manager for Club 2000 from February 25, 2008 to December 5, 2010. His employment ended because the employer was going out of business and could no longer afford to pay him. The employer sold the building to another individual or corporation effective January 1, 2011. The new building owner did not buy the business and did not continue to operate the employer's business.

ISSUE:

The issue is whether the claim can be redetermined based upon a business closing.

REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow, the administrative law judge concludes the claimant was laid off due to a business closure.

Iowa Code § 96.3-5 provides:

5. Duration of benefits. The maximum total amount of benefits payable to an eligible individual during a benefit year shall not exceed the total of the wage credits accrued to the individual's account during the individual's base period, or twenty-six times the individual's weekly benefit amount, whichever is the lesser. The director shall maintain a separate account for each individual who earns wages in insured work. The director

shall compute wage credits for each individual by crediting the individual's account with one-third of the wages for insured work paid to the individual during the individual's base period. However, the director shall recompute wage credits for an individual who is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, by crediting the individual's account with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period. Benefits paid to an eligible individual shall be charged against the base period wage credits in the individual's account which have not been previously charged, in the inverse chronological order as the wages on which the wage credits are based were paid. However if the state "off indicator" is in effect and if the individual is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, the maximum benefits payable shall be extended to thirty-nine times the individual's weekly benefit amount, but not to exceed the total of the wage credits accrued to the individual's account.

871 IAC 24.29(1) provides:

Business closing.

(1) Whenever an employer at a factory, establishment, or other premises goes out of business at which the individual was last employed and is laid off, the individual's account is credited with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period. This rule also applies retroactively for monetary redetermination purposes during the current benefit year of the individual who is temporarily laid off with the expectation of returning to work once the temporary or seasonal factors have been eliminated and is prevented from returning to work because of the going out of business of the employer within the same benefit year of the individual. This rule also applies to an individual who works in temporary employment between the layoff from the business closing employer and the Claim for Benefits. For the purposes of this rule, temporary employment means employment of a duration not to exceed four weeks.

871 IAC 24.29(2) provides:

(2) Going out of business means any factory, establishment, or other premises of an employer which closes its door and ceases to function as a business; however, an employer is not considered to have gone out of business at the factory, establishment, or other premises in any case in which the employer sells or otherwise transfers the business to another employer, and the successor employer continues to operate the business.

Another individual or corporation bought the building previously occupied by the employer's business but did not buy the business itself. Because the new building owner did not buy the employer's business and the business did not continue in any capacity, the business is considered to have closed. Therefore, the claimant is entitled to a recalculation of benefits.

DECISION:

The February 28, 2011, reference 02, decision is reversed. The claimant was laid off due to a business closure. Recalculation of benefits is allowed.

Julie Elder
Administrative Law Judge

Decision Dated and Mailed

je/pjs